

Dream of Haiti's Mercenaries for Romance and Recognition Turned Sour

By Art Harris
Washington Post Service

MIAMI — He was a novice mercenary, sunburned and thirty after three days at sea and one night in jail, his first mission gone bust 690 miles short of the beachhead. And now here he was inside the Super Duper Sandwich Haven downtown, washing down the bile of misadventure with a cold beer.

"I was just out there at sea getting a tan," he said with a wink.

The beer drinker, an unemployed security guard freed on his own recognition after being arrested last week as a would-be Haitian invader, was a bit player in an exile soap opera gone awry. He and 15 seafaring comrades are accused of plotting to take on the Haitian Army and topple dictator François (Baby Doc) Duvalier, a plot, if true, that is part Woody Allen, part Clint Eastwood.

Such sagas are everyday affairs in Miami, America's Casablanca of mystery, murder and exile intrigue. Plots are forever hatching, fizzing and catching again amid many wrinkles about CIA backing.

But the usual plotters are Cubans and Nicaraguans out to overthrow Communists back home, their dreams fueled by a perception of support from Washington.

The Haitian exiles are taken less seriously. For one thing, the United States supports Mr. Duvalier. For another, the Haitians have a reputation as gentle, docile people whose plots always fizzle.

The leader of last week's two-boat armada says he was taking the men to a paramilitary training camp 30 miles (48 kilometers) off Cuba, but whatever the purpose of the sail, it would have to be called a fizzle. It ended in choppy seas 10 miles off Florida when the Coast Guard, acting on a tip, boarded two luxury cabin cruisers and arrested the 16 for violating the U.S. Neutrality Act, which outlaws launching coups against friendly countries from American shore. Ten of the men remain jailed on bonds as high as \$250,000.

At a nearby table, three federal agents ate sandwiches and glared, dismissing the alleged plot as suicide. "You're alive drinking a beer because of us," sneered one enforcer. "We did them a favor," said another. "Baby Doc's Leopard Battalion would have strung them up by their toes."

From his command post in a rundown smacco hacienda near the Miami baseball stadium, Roland Magloire, 46, a former airline ticket agent and nephew to a former Haitian

president, orchestrated the affair, according to the self-styled leader of the force Benjamin Weissberg. The house is headquarters for Mr. Magloire's exile political group, the Council for the National Liberation of Haiti.

The plans called for the men aboard the chartered yachts Saseoon and Wandering III to be point men for a major assault. For the last eight months, Mr. Magloire has flown between Miami, New York and Chicago, pitching his plot to Haitian money men, raising \$75,000 to finance the mission. Meanwhile, Mr. Magloire's brother, Raoul, a New York estate man, shuttled migrants in vans between Miami and Everglades training camps.

The initial invasion force was recruited through ads in The Miami Herald last month. "Small multinational corporation needs security help," read an ad on Feb. 27. "Short-term compensation plus bonus."

Applicants had to furnish military personnel records to prove combat specialties. Sixteen men were chosen from almost 300 responses.

Earlier thwarted coup attempts and this one, Miami Haitians say, are evidence of frustration over U.S. immigration policy toward 2,100 boat people still imprisoned in

detention camps here after eight months, and U.S. support for the dictator whose repressive policies led them to flee in the first place.

In this latest adventure, once the two cabin cruisers were beyond the three-mile limit, the semi-automatic weapons in the cache of 61 assault rifles, carbines, shotguns and handguns seized by the Coast Guard were to be converted to full automatic. On board, according to law enforcement officials, there were 17 CS gas grenades, 16,000 rounds of ammunition, copies of Soldier of Fortune and Survival magazines and enough frozen steaks, orange juice, chocolate chip cookies and Jack Daniels whiskey to last a week.

Once the invaders were ashore, a fifth column of 50 exiles who had infiltrated the country as seamen and students, and frustrated peasants returning home were to come to their aid, blowing up power plants, cutting communications lines. A secret password broadcast over the radio was to be the signal.

Then, the initial assault on an unidentified town one hour north of Port au Prince was to begin.

"We weren't going to storm the presidential palace," said one member, seeking to combat criticism that only a slump of tools

would attempt to invade Haiti. "We weren't that stupid."

According to the plan, sympathetic army commanders were to supply support if the commandos could hold the town for 48 hours. And, *voilà*, Roland Magloire, would sashay into town, form a new junta and return democracy to Haiti. Only it did not end that way.

Mr. Magloire has been plotting for 20 years. After joining a 1963 scheme by army officers against Haitian President Jean-Claude (Papa Doc) Duvalier, he fled the country. Four years later, he put together a military invasion from the Bahamas, but was prisoned here while he shopped for a lawyer to get his \$250,000 bond reduced.

In January, Mr. Weissberg moved into Mr. Magloire's headquarters, began recruiting his Dirty Dozen plus three, bought the guns, chartered the boats and on March 12, told his men, "Pack your racks and get ready to go." Asked if they were aware of the mission, he said, "If they weren't, they were fools."

"I don't have a death wish," he reflected from prison. "But we were willing to die to return Haiti to its people, stop Communists from taking over after Baby Doc and rid the taxpayers of supporting a despotic regime."

"I do it again tomorrow."

Where are the new frontiers? You can't get ahead today unless you're born into money. Even if you're an aerospace engineer, what can you do except plug computer tapes into NASA computers? This was a new frontier," he said. He wore an orange jump suit, his new uniform as a guest of the federal prison here while he shops for a lawyer to get his \$250,000 bond reduced.

In January, Mr. Weissberg moved into Mr. Magloire's headquarters, began recruiting his Dirty Dozen plus three, bought the guns, chartered the boats and on March 12, told his men, "Pack your racks and get ready to go." Asked if they were aware of the mission, he said, "If they weren't, they were fools."

"I don't have a death wish," he reflected from prison. "But we were willing to die to return Haiti to its people, stop Communists from taking over after Baby Doc and rid the taxpayers of supporting a despotic regime."

"I do it again tomorrow."

Venezuela Pledges Re-evaluation Of Salvador Policy After Election

By Jackson Dichl
Washington Post Service

for resolutions of the country's crisis.

The United States and the Salvadoran government steadfastly have rejected suggestions of talks with the guerrillas, arguing that they should take their case to the Salvadoran people through the elections rather than bypassing the ballot box for the bargaining table.

Venezuela has provided more than \$100 million in economic aid to the Salvadoran government and Mr. Herrera called the elections "a democratic triumph against the threat of subversion." He expressed strong hopes that the party of his fellow Christian Democrat and personal friend, Salvadoran President José Napoleón Duarte, would win.

Although it has joined in U.S. support of Mr. Duarte and the Salvadoran elections, Venezuela long has differed with Washington on several key Central American issues, most importantly over the Sandinista government in Nicaragua.

Rhetorical Attacks
Venezuela, whose support of the Sandinistas was instrumental in their 1979 victory over dictator Anastasio Somoza, has continued to support and send them economic aid. Mr. Herrera reiterated that backing Tuesday, saying Venezuela would continue its ties to Nicaragua "while there is a possibility that they will realize their pluralistic projects."

Mr. Herrera also responded sharply to recent rhetorical attacks by the Reagan administration on Nicaragua and reported plans for CIA-backed, covert, paramilitary operations to interrupt supply lines to the Salvadoran guerrillas.

This is very little for the United States to give," Mr. Herrera said. "This is what we give every year to nine countries in Central America and the Caribbean," he said, referring to the joint Mexican-Venezuelan program of oil-import subsidies for countries in the region.

"If Mexico and Venezuela can give 350 million [dollars] a year," he said, "the United States should be able to make a much bigger contribution."



The Associated Press
Prime Minister Menachem Begin standing during the no-confidence debate in the Knesset that ended in a tie vote of 58-58.

Israelis Slay 3 More Arabs; Begin Favors New Election

(Continued from Page 1)

city to dramatize Israeli sovereignty over all of Jerusalem, but he has not yet done so. Several government agencies, including the national police, are already in the eastern sector.

The prime minister's remarks on early elections were considered partly a tactic to keep his coalition in line, especially the two religious parties which oppose elections

now out of apprehension that they would do less well than they did in June.

Polls show that, if elections were held now, his Likud bloc would increase its seats from the 60 it now holds in the 120-seat Knesset.

Furthermore, the prime minister was also understood to be calculating that if he resigned, his Cabinet would become a caretaker government, giving it a strong status under the law, not answerable to parliament. He could then could conduct policy as will on the West Bank.

In recent months, the government has been engaged in an intensive effort to curb the influence of the Palestine Liberation Organization.

As a step toward eliminating pro-PLO leaders, the Defense Ministry dissolved the elected town council of Al-Bireh last week and dismissed the mayor, Ibrahim Tawil, on the ground that they had refused to meet with the Israeli administration. Violent demonstrations ensued as Arabs blocked streets with burning tires, chanted nationalist slogans and stoned Israeli troops and vehicles.

After a day of relative calm Tuesday, new disorders flared Wednesday. A car carrying Jewish settlers from Qiryat Arba, near Hebron south of Jerusalem, was blocked by a stone barricade in the Arab village of Bani Naim, according to an army spokesman. Stones were thrown, and the driver was hit in the head. The passengers opened fire and killed an 18-year-old Arab.

The other major incident occurred in Jenin, north of Jerusalem, when a patrol of border policemen tried to arrest a 21-year-old Arab for pressing shopkeepers to close their stores and join a general strike.

"We did not deny and do not deny now the existence of a Socialist system in China. Although Peking's sanction with the policy of imperialists in the world arena contradicts, of course, the interests of Socialism," he added.

On other topics, Mr. Brezhnev reiterated his decision to stop deploying theater nuclear weapons in the European part of the Soviet Union and said:

"We have said our word, prompted by reason and adherence to peace, and it has been met with approval in the whole world. It is now the West's turn to respond."

The United States contends that the Soviet Union had already installed 300 SS-20 medium-range missiles on its territory before announcing the freeze a week ago. Washington rejected the latest Brezhnev initiative as not going far enough and West European leaders have generally adopted the same position.

Mr. Brezhnev, in Tashkent to award the Uzbek republic the Order of Lenin for its agricultural successes, also complained that relations between the Soviet Union and Japan were being hampered by "external forces"—a reference to the United States.

3 Guerrillas Captured

TEL AVIV (UPI) — Israeli troops captured a three-man Palestinian guerrilla team in southern Lebanon Wednesday after they tried to infiltrate Israel.

A military announcement said the guerrillas, armed with Soviet rifles, were spotted in northern Israel and were pursued into southern Lebanon and captured.

A wounded Salvadoran soldier is evacuated during a battle with rebels Wednesday near the capital.

Nicaragua and U.S. Are Said U.S. Supports To Plan Direct Negotiations

(Continued from Page 1)

Nicaraguan officials said: "We feel we have a knife at our throat and a pistol at our temple. But the Salvadorean have said that it's their revolution and they will do what they have to."

Just as Washington is convinced that Nicaragua is sustaining the Salvadoran guerrillas, Managua is convinced that the United States is trying to subvert Nicaragua. Officials in Managua charge that armed bands of Nicaraguan rightists are being supported by the U.S. CIA.

U.S. Proposal Welcomed
UNITED NATIONS, N.Y. (AP) — Nicaragua's junta coordinator, Daniel Ortega, arriving here Wednesday for a UN Security Council session, said his government is encouraged by recent U.S. proposals to ease tensions.

The Nicaraguans strongly deny that they organize or condone clandestine arms shipments to El Salvador and have challenged the Reagan administration to prove its charges. But they concede that they feel political and moral solidarity with the Salvadoran rebels.

Knowledgeable leftists dismiss as exaggerated U.S. charges that the insurgency is directed by Cubans and Nicaraguans, although they concede that Salvadoran rebels do consult officials of both countries. But the leftists insist that the rebels frequently ignore the advice they receive.

"We'd like to see the guerrillas cool it this week in El Salvador,"

held two rounds of talks with Mr. Haig in New York. Last weekend, the Mexican official carried some U.S. ideas to both Cuba and Nicaragua.

The Salvadoran problem is expected to dominate Washington's talks with Nicaragua. Last Saturday, the Reagan administration reiterated its charge that Nicaragua is sending weapons to the Salvadoran rebels and that the insurgents are commanded and controlled from Managua.

The Nicaraguans strongly deny that they organize or condone clandestine arms shipments to El Salvador and have challenged the Reagan administration to prove its charges. But they concede that they feel political and moral solidarity with the Salvadoran rebels.

Knowledgeable leftists dismiss as exaggerated U.S. charges that the insurgency is directed by Cubans and Nicaraguans, although they concede that Salvadoran rebels do consult officials of both countries. But the leftists insist that the rebels frequently ignore the advice they receive.

"We'd like to see the guerrillas cool it this week in El Salvador,"

China Appeal By Brezhnev

(Continued from Page 1)

three Chinese economists. The contacts are believed to be a result of tension between Peking and Washington over arms shipments to Taiwan.

His decision to make a personal offer to improve relations suggested that the Soviet side expected China's response would not be wholly negative, analysts here said.

Tass reported that Mr. Brezhnev said Moscow was ready "at any moment" to resume border talks with China, which have been adjourned for several years.

We are also ready to discuss the question of possible measures to strengthen mutual trust in the area of the Soviet-Chinese frontier," he declared.

China has refused to reopen talks, suspended in 1978, on the border dispute until the Soviet Union withdraws its troops from Afghanistan.

"We did not deny and do not deny now the existence of a Socialist system in China. Although Peking's sanction with the policy of imperialists in the world arena contradicts, of course, the interests of Socialism," he added.

On other topics, Mr. Brezhnev reiterated his decision to stop deploying theater nuclear weapons in the European part of the Soviet Union and said:

"We have said our word, prompted by reason and adherence to peace, and it has been met with approval in the whole world. It is now the West's turn to respond."

The United States contends that the Soviet Union had already installed 300 SS-20 medium-range missiles on its territory before announcing the freeze a week ago. Washington rejected the latest Brezhnev initiative as not going far enough and West European leaders have generally adopted the same position.

Mr. Brezhnev, in Tashkent to award the Uzbek republic the Order of Lenin for its agricultural successes, also complained that relations between the Soviet Union and Japan were being hampered by "external forces"—a reference to the United States.

The three states make up the newly formed Central American Democratic Community, a political alliance that is aimed at fostering democratic rule in the region.

The visit of the three ministers to Washington is seen as a demonstration of strong Reagan administration support for the group. It also has the backing of Venezuela and Colombia.

The Salvadoran problem is expected to dominate Washington's talks with Nicaragua. Last Saturday, the Reagan administration reiterated its charge that Nicaragua is sending weapons to the Salvadoran rebels and that the rebels frequently ignore the advice they receive.

Knowledgeable leftists dismiss as exaggerated U.S. charges that the insurgency is directed by Cubans and Nicaraguans, although they concede that Salvadoran rebels do consult officials of both countries. But the leftists insist that the rebels frequently ignore the advice they receive.

"We'd like to see the guerrillas cool it this week in El Salvador,"

Money Is the Only Question Asked In Illicit International Arms Trade

By Philip Taubman
New York Times Service

WASHINGTON — Salvadorean guerrillas, denying Reagan administration charges that they receive most of their military equipment from Cuba and Nicaragua, often say that they buy supplies on the black market.

"We pay cash for weapons and ammunition in Europe, the Middle East and North America, just like everyone else," said Ruben Zamora, a rebel leader in Mexico City recently. "The problem isn't buying the arms, it's getting them into Miami."

Nicaraguan officials said that many of the weapons they used to overthrow President Anastasio Somoza in 1979 were purchased in Miami and shipped to Nicaragua through Panama and Costa Rica.

It is often difficult to determine where a legitimate deal ends and an illegal one begins. It is perfectly legal in the United States and most other nations to sell weapons. The only federal restrictions involve shipment and the weapons' intended use.

While it is impossible to gauge the extent of the guerrillas' reliance on the black market, there is little question that illegal sources could easily meet their needs. According to federal law enforcement officials, the illicit trade in arms is a multibillion-dollar-a-year business. All a prospective buyer needs is cash. No questions are asked about the intended destination or use of the weapons.

Centers for the Trade

Britain, the United States, South Korea and Mexico are among the centers for the trade. In Mexico City, dealers and purchasers told of an Israeli arms dealer who conducts business in a small office not far from the National Archaeological Museum. They said he specializes in small arms and ammunition: high-powered rifles, grenades and Uzi machine guns, one of the world's most popular weapons. Mexican authorities said it was not clear what relationship, if any, existed between the dealer and the Israeli government.

In Britain, a number of legitimate arms dealers stockpile huge inventories of weapons. Among them is Interarm Corp., probably the largest private arms seller in the world. Foreign governments looking to equip a small army can find much of what they need at Interarm, according to several arms purchasers who have shopped there. So can illegitimate buyers. It is relatively easy for them to obtain fraudulent documentation listing them as representatives of a legitimate government.</



The NATO Nuclear Planning Group meeting in Colorado Springs included, from left, W. Tapley Bennett, the U.S. ambassador to NATO; Joseph Luns, secretary-general of NATO;

NATO Ministers Reject Soviet Missile Freeze

By David Wood
Los Angeles Times Service

COLORADO SPRINGS, Colo. — NATO defense ministers have rejected a Soviet freeze on the deployment of additional medium-range nuclear missiles in Europe, and instead reaffirmed NATO's 1979 decision to modernize its stockpile of nuclear weapons, U.S. officials said.

At the same time, the officials said, the defense ministers urged the United States to Tuesday to begin talks with the Soviet Union on the limitation of strategic, or long-range, missiles as soon as feasible.

Neither decision came as a surprise. The Western alliance gov-

ernments represented in Colorado had previously condemned the Soviet freeze as a propaganda ploy. Similarly, North Atlantic Treaty Organization member countries have long urged the United States to open strategic arms limitation talks.

The ministers were ending their meeting Wednesday and were to issue a communiqué late in the day.

The American officials, who asked not to be identified, said the Reagan administration would put the finishing touches on its strategic arms talks position within a few weeks. Precisely when the administration would be ready to begin talks, they said, would depend

on Soviet behavior in Poland and elsewhere.

Defense Secretary Caspar W. Weinberger has said that strategic arms talks might begin as early as this summer.

The Soviet freeze on deployment of its medium-range SS-20 missiles in the European region of the Soviet Union was announced March 16 by Soviet President Leonid I. Brezhnev. The freeze, he said, would last as long as NATO refrained from taking "practical preparations" to install 572 medium-range missiles in Europe.

U.S. officials said Tuesday that preparations to deploy 108 Pershing-2 missiles in West Germany in December, 1983, and 464 Cruise

missiles in Britain, the Netherlands, Belgium, Italy and West Germany the following year, would continue on schedule.

During the two-day classified sessions of NATO's Nuclear Planning Group, held twice a year, the Soviet freeze was rejected on the grounds that it would "legitimize the current Soviet superiority" in European-based medium-range missiles.

Even while the Soviet Union has proclaimed the freeze, officials said, Moscow is continuing to build up its stockpile of SS-20 missiles in the Asian region of the Soviet Union, west of the Ural mountain range. The officials said that those missiles could easily hit NATO targets in Western Europe. The dead on both sides were estimated to be several hundred.

Since then, foreigners here said, the insurgents have regrouped, reequipped themselves and mobilized new adherents.

In Hama, which has a thousand-year history of hostility to outside authority, the rebels were able to build a network of semipermanent military installations that must have taken several months to complete and that reflect the long-range character of the insurgency.

"There is no reason to think they will not be able to recover once more," a sympathizer in Damascus said.

Most foreign diplomats here agreed to agree that the government has overcome a serious threat to its existence and is again solidly encircled thanks to the army and the special security forces of Rifaat Assad.

Hama has shown, foreigners said, that armed popular uprisings have no chance of success in Syria as long as the army and the security forces remain loyal.

The strengths and weaknesses of the Assad government are a crucial factor for the entire Middle East, mainly because of Syria's controlling position in Lebanon, which is now the only active Arab-Israeli military front.

President Assad has proved to be the most effective figure in his Arab Rejectionist Front and his foreign policy goal is to block any U.S. attempt to expand the Camp David peace process to other areas of the region after Israel completes its withdrawal from Sinai.

Syria Claims Moslem Brotherhood 'Decapitated' After Hama Uprising

By Henry Tanner
New York Times Service

DAMASCUS — Hama, the ancient Islamic town in central Syria where government forces and insurgents fought for three weeks last month, is more or less quiet, in the words of a high government official.

The question of the loyalty of the Syrian Army was raised before and during the Hama fighting. Some soldiers of one brigade sent to Hama refused to obey orders to shoot civilians, but there were no mass defections, according to diplomatic reports here.

A Damascus businessman sympathetic to the insurgents called them the "Radical Party" rather than the Brotherhood and said that most of the leaders were educated, modern men of middle age, many with university degrees, whose prime motives were political and not religious and who certainly did not intend to impose a Khomeini-type Islamic government on Syria.

He said the government had to be replaced because of police repression, corruption, nepotism and general inefficiency, but he added that the insurgents were led by Sunni Moslems who want to end the minority rule of the Alawites.

About 12 percent of Syria's people are Alawites, 60 percent are Sunnis Moslems and about 14 percent are Christians. Mr. Assad is an Alawite and has put Alawites into virtually every important position in the government, the armed forces and the economy.

Athens Said to Assure Turkey on Aegean Oil

New York Times Service

ATHENS — The Greek government has assured Turkey that it will not pursue further oil exploration in the eastern Aegean, diplomatic sources have said.

The move was intended to ease tension between the two hostile members of the North Atlantic Treaty Organization, they said.

However, tension apparently continues over what Greece charges is Turkish violation of its airspace.

Greece has also protested that Turkish jets have failed to submit flight plans for penetrating what is known as the Greek flight information region.

Premier Bulent Ulusu of Turkey countered this month that what Greece viewed as violations were a result of military maneuvers that had been announced in advance and that aircraft involved had no obligation to submit their flight plans.

Turkish officials have been concerned that Greece might proclaim an extension of its territorial waters from six to 12 miles in the Aegean. Mr. Papandreu stated in his election campaign last year that Greece had the right to extend its territorial waters to 12 miles.

Senate Panel Votes to Halt Reagan Missile Plan

By George C. Wilson
Washington Post Service

WASHINGTON — In the first hard blow at President Reagan's strategic-weapons program, a powerful Senate subcommittee has voted unanimously to stop the MX missile in its tracks.

Not until President Reagan decides where he wants to put the new land-based missile, the Armed Services strategic and theater nuclear forces subcommittee decided, should any more money be advanced to build MXs or prepare existing Minuteman silos to house them temporarily.

The subcommittee action, if sustained by Congress, as is thought likely, would save about \$2 billion. Mr. Reagan had earmarked \$1.5 billion to manufacture the first nine missiles and \$715 million in research funds to restructure MX silos.

Armed Services Committee chairman John G. Tower, Republican of Texas, who did not attend Tuesday's closed session, favors the subcommittee decision, sources said.

His support virtually guarantees that the fiscal 1983 Pentagon authorization bill the committee expects to send to the floor before the Easter recess will recommend that Congress force the president to chart a new course for the missile.

Subcommittee chairman John W. Warner, Republican of Virginia, said Tuesday night that the action was "a bipartisan effort to redirect and strengthen the president's strategic program." He said Pentagons testimony about putting MX missiles in Minuteman holes just did not add up: "so we took the bit in our teeth" to delay production.

The idea is to deploy the missile in 1989, when the Air Force expects to have a permanent basing scheme, instead of putting it in Minuteman holes beginning in 1986.

Tuesday night's action represents the biggest single rejection by any congressional panel of Mr. Reagan's plan for closing the "window of vulnerability" he deplored during the 1980 election campaign. That "window" refers to the Pentagon assertion that existing U.S. land missiles, which stand still in silos underground, are vulnerable to highly accurate Soviet nuclear warheads.

Mr. Reagan ridiculed President Jimmy Carter's plan to rotate 200 MX missiles among 4,600 cement garages in Nevada and Utah so that they would be hard to hit.

On Oct. 2 Mr. Reagan announced that he would put the

first MX missiles in fortified Titan silos and promised to look at permanent basing possibilities, including putting the MX aboard aircraft and inside mountains. The Titan idea has since been abandoned in favor of Minuteman silos.

Sen. Tower and other critics have said Mr. Reagan's MX plan would not close the "window of vulnerability" because any missile standing still would be relatively easy to destroy. Disappointed Air Force leaders called the Reagan MX package "a decision out to die."

Defense Secretary Caspar W. Weinberger has refused to alter Mr. Reagan's temporary basing scheme telling congressional committees that the alternative to putting the missiles in Minuteman silos is to let them pile up in warehouses.

Tuesday night's action represents the biggest single rejection by any congressional panel of Mr. Reagan's plan for closing the "window of vulnerability" he deplored during the 1980 election campaign. That "window" refers to the Pentagon assertion that existing U.S. land missiles, which stand still in silos underground, are vulnerable to highly accurate Soviet nuclear warheads.

Mr. Reagan ridiculed President Jimmy Carter's plan to rotate 200 MX missiles among 4,600 cement garages in Nevada and Utah so that they would be hard to hit.

On Oct. 2 Mr. Reagan announced that he would put the

first MX missiles in fortified Titan silos and promised to look at permanent basing possibilities, including putting the MX aboard aircraft and inside mountains. The Titan idea has since been abandoned in favor of Minuteman silos.

Sen. Tower and other critics have said Mr. Reagan's MX plan would not close the "window of vulnerability" because any missile standing still would be relatively easy to destroy. Disappointed Air Force leaders called the Reagan MX package "a decision out to die."

Defense Secretary Caspar W. Weinberger has refused to alter Mr. Reagan's temporary basing scheme telling congressional committees that the alternative to putting the missiles in Minuteman silos is to let them pile up in warehouses.

Tuesday night's action represents the biggest single rejection by any congressional panel of Mr. Reagan's plan for closing the "window of vulnerability" he deplored during the 1980 election campaign. That "window" refers to the Pentagon assertion that existing U.S. land missiles, which stand still in silos underground, are vulnerable to highly accurate Soviet nuclear warheads.

Mr. Reagan ridiculed President Jimmy Carter's plan to rotate 200 MX missiles among 4,600 cement garages in Nevada and Utah so that they would be hard to hit.

On Oct. 2 Mr. Reagan announced that he would put the

first MX missiles in fortified Titan silos and promised to look at permanent basing possibilities, including putting the MX aboard aircraft and inside mountains. The Titan idea has since been abandoned in favor of Minuteman silos.

Sen. Tower and other critics have said Mr. Reagan's MX plan would not close the "window of vulnerability" because any missile standing still would be relatively easy to destroy. Disappointed Air Force leaders called the Reagan MX package "a decision out to die."

Defense Secretary Caspar W. Weinberger has refused to alter Mr. Reagan's temporary basing scheme telling congressional committees that the alternative to putting the missiles in Minuteman silos is to let them pile up in warehouses.

Consumer Poll Calls Heathrow Worst Airport

The Associated Press

LONDON — Loo doo's Heathrow Airport is the worst airport in the world and Amsterdam's Schiphol Airport is the most popular, according to results of a recent survey.

The survey was published Tuesday by the International Airline Passengers Association, a London-based consumer group with 110,000 members worldwide. The association last fall polled 41,000 members by mail and received about 8,000 responses.

More than one-fifth of those who replied rated Heathrow as their least favorite airport, an improvement from two years ago when one in three persons placed the airport, the world's busiest, at the bottom of their list.

British Airways also was criticized heavily, with one in four persons saying it was the airline they least like to fly. Aeroflot, Alitalia and Pan American World Airways also were low on the list. Regular travelers said Swissair was the best, followed by Singapore Airlines.

Reagan Accepts Civic Award in N.Y. As 10,000 Rally to Protest Policies

By George Skelton
Los Angeles Times Service

NEW YORK — President Reagan encountered the biggest protest demonstration since taking office as an estimated 10,000 people chanted in opposition to his policies outside a hotel where he had gone to accept a leadership award.

The demonstration, which was noisy but peaceful, lasted about four hours. It had nearly ended by the time Mr. Reagan spoke.

Mr. Reagan made his only public reference to the protesters when he departed from his text to ask whether the national debate over his policies could out "carried on with decency and understanding, without a tone of hatred."

Mr. Reagan acknowledged, in a speech before the National Conference of Christians and Jews, that it hurts him to hear accusations that he lacks compassion for the needy.

Comparison to Roosevelt

He compared himself with Franklin D. Roosevelt, saying that both were criticized for trying to destroy what they actually were trying to preserve — in Roosevelt's case, the free enterprise system; in Mr. Reagan's, a "humane, free government."

But the president said that "there is more to brotherhood than government-administered charity."

"Government can't properly substitute for the helping hand of neighbor-to-neighbor," he added.

"And in trying to do so, government has, to a great extent, brought on the economic stress that mires us down in recession."

Mr. Reagan acknowledged, in a speech before the National Conference of Christians and Jews, that it hurts him to hear accusations that he lacks compassion for the needy.

Comparison to Roosevelt

He compared himself with Franklin D. Roosevelt, saying that both were criticized for trying to destroy what they actually were trying to preserve — in Roosevelt's case, the free enterprise system; in Mr. Reagan's, a "humane, free government."

But the president said that "there is more to brotherhood than government-administered charity."

"Government can't properly substitute for the helping hand of neighbor-to-neighbor," he added.

"And in trying to do so, government has, to a great extent, brought on the economic stress that mires us down in recession."

Many believed it would seem to align the organization with the president's economic and social policies.

Mr. Reagan was awarded the Charles Evans Hughes gold medal "for courageous leadership in governmental, civic and humanitarian affairs" — the first incumbent president to receive the honor.

In his acceptance speech, Mr. Reagan noted the "acrimonious debate" over his policies and recalled that Roosevelt also was roundly criticized.

"I'm accused by some of trying to destroy government's commitment to compassion — and to the needy," Mr. Reagan added.

"Like FDR, may I say I am not trying to destroy what is best in our system of humane, free government. I am doing what I can to save it — to slow down the

destructive rate of growth in taxes and spending, to prune unnecessary programs so that enough resources will be left to meet the requirements of the truly needy."

Mr. Reagan said that out of the economic distress afflicting the nation "can come opportunity — the opportunity to remember our heritage of brotherhood, our responsibility to care for each other, not through impersonal government programs alone, but through the giving of ourselves with love and compassion."

He said he was keenly aware of the high financial cost of his military program, and promised to seek "true savings and efficiencies" in the Pentagon. But he insisted that his military program could not be arbitrarily reduced and still guarantee our national security.

Mr. Reagan has proved to be the most effective figure in his Arab Rejectionist Front and his foreign policy goal is to block any U.S. attempt to expand the Camp David peace process to other areas of the region after Israel completes its withdrawal from Sinai.

President Assad has proved to be the most effective figure in his Arab Rejectionist Front and his foreign policy goal is to block any U.S. attempt to expand the Camp David peace process to other areas of the region after Israel completes its withdrawal from Sinai.

President Assad has proved to be the most effective figure in his Arab Rejectionist Front and his foreign policy goal is to block any U.S. attempt to expand the Camp David peace process to other areas of the region after Israel completes its withdrawal from Sinai.

One of the world's most sophisticated hotels is now known as Hyatt Carlton Tower London. In the heart of Knightsbridge, this elegant oasis for the international traveler is steps from Harrods and Sloane Street shopping, minutes from corporate offices and the West End theater.

A touch of Hyatt in London means the best roast beef in England at the Rib Room. Award-winning French cuisine in the Chelsea Room. A Business Center for essential executive services. A Fitness Center for exercise. Room Service is exceptional and available around-the-clock. And business meetings, diplomatic receptions, and private dinners are handled with skill and care.

Our attentive staff, many with two decades of service, anticipate the needs of the business traveler. There is even a Hyatt representative at the airport to assist you. In London, relish the service, surroundings, and a touch of Hyatt at the most accomplished hotel in town.

New VOA Director Vows Objectivity

United Press International

WASHINGTON — The new director of the Voice of America has said he will insist on objectivity in reporting the news, but that the worldwide radio service will also report the administration's "assertive" foreign policy pronouncements.

President Reagan named John Hughes, 51, a Pulitzer Prize-winning journalist, to head the radio service which broadcasts around the world in 39 languages and has 2,100 employees. James B. Conkling resigned earlier this week as director, ending a stormy 10-month tenure during which his efforts to reorganize the network met with widespread resistance from employees.

Mr. Hughes said, "I am absolutely wedded to the concept of the objectivity of the news file. If I had any doubt about that being possible, I would not take the job."

DEATH NOTICES

Marie-Claude Boisard and family regret to announce the sudden death of Madame Nicole Gove, née Lavezzari on March 21, in Paris. Burial was held with the immediate family, near the Grand-Poissard, on March 24, 1982.

LOWELL,

Guatemalan Comeuppance

The coup d'état in Guatemala could not have happened to a more deserving dictator than at a better time. Experience argues against getting too enthusiastic about coups; Idi Amin, remember, was once hailed as a liberator. But Guatemala's recent experience has been so awful that by the law of averages alone the insurgents — young officers and civilian politicians — would have to be an improvement. And the coup flashes a useful warning to the ruling military in El Salvador, just days before that country's crucial vote.

Guatemala has been misruled by cold-eyed generals for nearly two decades. Their excesses have fed a leftist insurgency in a poor, largely Indian country with Central America's largest population (7.2 million). Fraudulent elections have been staged to give the military rulers a patina of legitimacy. But the vote this month was so outrageously crooked that it unified the opposition before the president-general could be enthroned.

Wisely, the United States refused to endorse the flawed vote or renew military aid,

which was suspended on human rights grounds in 1977. Although the Reagan administration wanted to resume arms shipments, its appeals for less ferocity against Indians, guerrillas and democratic politicians were largely ignored. One guesses that the State Department might now feel a little warmer toward the human rights laws that thus prevented collaboration with a discredited anti-Communist regime.

What further weakened it was the dramatic decline in coffee prices. The political shape of the next government is uncertain, but it is sure to need emergency economic aid as much as the military equipment it will request. With determined outside encouragement, Guatemala could yet be nudged back toward a democratic path. And that would be the best counter to the challenge of a recently unified guerrilla movement.

There is a chance, in short, to shift the tide in an important country. Let the Reagan administration seize it.

THE NEW YORK TIMES.

U.S. Aid Should Be Overt

In Central America's confused battlefield, the forces of democracy need all the help they can get from allies around the world. But for that aid to be effective it should be overt, and preferably multilateral, not a surreptitious black bag from the CIA. Better mechanisms to supply that help had best be devised quickly, while there are still democratic forces to receive it.

The case for such aid, in principle, is old and honorable. It was eloquently put by John Stuart Mill in 1859. In "A Few Words on Non-Intervention," Mill wrote: "The doctrine of non-intervention, to be a legitimate principle of morality, must be accepted by all governments. The despot must consent to be bound by it as well as the free states. Unless they do, the profession comes to this miserable issue — that the wrong side may help the wrong, but the right must not help the right."

In Central America, Marxists make no secret of their debts to Cuba. And Social Democrats and Christian Democrats get open and legitimate assistance from fraternal parties elsewhere. There is no reason to be defensive about overt U.S. aid, preferably through foundations openly funded by Congress and

with appointed but autonomous directors. The argument for honesty is persuasively supported by the former director of the CIA, William Colby, who knows better than most how much paranoia covert aid can create.

Radio Free Europe and Radio Liberty, once secret operations, send a stronger and no less credible signal now that both are openly funded through an international board. And labor and farm missionaries now get support through the aboveboard Asia Foundation.

Comparable foundations, says Colby, can make grants to Central American schools, publications, social and political organizations. And why cannot their boards include distinguished figures from the Caribbean? That could lessen the taint of unilateralism.

In tense situations where the United States is suspected of uglier designs, there is always a question whether aid recipients can afford the association. But with or without justification, they are often already denounced as CIA puppets. Open subsidy could hardly cause them more damage. There is no reason to keep the Americans' ideological preferences in the closet, like a shaming secret.

THE NEW YORK TIMES.

The Challenges to OPEC

Now the world will find out whether OPEC is really a cartel. It is no trick to raise prices in the midst of shortages, as OPEC did in the 1970s. To maintain those prices in the shrinking market of the 1980s is going to be much harder. It means agreeing on production cuts, and it means enforcing those agreements. Last weekend, OPEC, meeting in Vienna, appeared to have worked out quotas — in principle. The next question is whether the 13 very diverse countries that comprise OPEC can make them stick.

The agreement on quotas will have little immediate effect on consumer prices. But it probably means that the long downward trend in world oil prices has been broken, at least for the present. That trend began more than a year ago. Evidently fearing that high prices would wreck the world oil market, Saudi Arabia used its enormous reserves to create a small glut and eventually forced the radicals, led by Libya and Algeria, to come down to a compromise price schedule. In return, it promised to prevent further price reductions by controlling its own output.

But the world was cutting down its use of oil much faster than the experts had expected. The glut persisted, and by midwinter speculators were beginning to wonder whether the Saudis were going to force prices even lower. With the agreement last week-

THE WASHINGTON POST.

One Species Every Day

One of the world's 5 to 10 million species becomes extinct each day. By the end of the decade the extinction rate will approach one an hour. A million species may have vanished by the year 2000. The loss of diversity will make the world a poorer place. But the United States, a necessary leader in any effort to halt the decline, is faltering.

It is not just conservationists who worry about the disappearance of obscure species from distant plains or jungles. Cancer specialists know that two of their most important drugs come from a single denizen of tropical rain forests, the rosy periwinkle. Seed growers, who have to develop new strains of wheat every five years or so as the old ones become susceptible to disease, know the importance of preserving diverse gene pools. But the ancestral gene pools for most staple U.S. crops lie abroad. Without foreign germ plasm, American farmers would supply little but cranberries, pecans and sunflower seeds.

The world's gene pools have made a vital contribution to the pharmaceutical and agricultural industries, yet only 1 percent of all

THE NEW YORK TIMES.

March 25: From Our Pages of 75 and 50 Years Ago

1907: Turbulence in Moldavia

1932: Hitlerites vs. Prussia

BUCHAREST — The agrarian troubles continue. The cabinet, regarding the resignation of which the rumors are becoming more and more persistent, is sending fresh reinforcements of troops, but hesitates to declare a state of siege over the whole of Moldavia, as seems necessary. When receiving the deputation of landowners from the Jassy district, King Charles said that he would devote his earnest attention to restoring order in Moldavia. Politics were responsible for the whole trouble. The country was better governed 30 years ago, but the administration did not now answer to the needs of the times. Politicians must forthwith set to work to solve the agrarian and Semitic questions.

How I Learned to Start Worrying About Nukes

By Roger Molander

The writer is a former White House nuclear strategist for the National Security Council. Now executive director of "Ground Zero," a nuclear war education project, he contributed this comment to *The Washington Post*.

WASHINGTON — I was introduced to nuclear war in the mid-1950s, hiding under my school desk during civil defense drills, hoping the Russian bombers would never come. It never crossed my mind that I would some day be working on nuclear strategy at the White House, hoping still that nuclear war would never come — and realizing how easily it might.

I came to Washington in the 1960s to work for a defense think tank. Within a year or so, my studies of weapons effects gave way to studies of the weapons themselves and to communications systems and missile warning systems. Then came nuclear "exchange" calculations: our missiles against their missiles, their missiles against our bombers, their subs against our bombers — endless combinations.

There were no people involved in these "exchanges" only calculations. It was a curious fiction, never discussing the humans at the military installations or the industries or the cities. I guess that made it easier on the targeters in Omaha, the people there to charge of launching the missiles or the bombers, and the analysts like me.

I recall one Saturday a colleague came into the think tank office with his wife to find me sticking different-colored pins, representing different-sized weapons, into a map of the Soviet Union. Add a pink pin for Minsk — another 200,000 dead. My colleague's wife was horrified. But when the pin went into Minsk or Moscow, I didn't see people working or children playing. I assumed that someone above me in the system thought about those things. Me, I just stuck in the pins.

In 1969 the Strategic Arms Limitation Talks (SALT) began, and I found myself trying to find the combinations of weapons limitations and verification provisions that would be acceptable to America and its allies as well as to the places where the pins were being stuck. At first blush the problem looked easy to me. But an older colleague told me I had a lot to learn. He was right.

Deterrence

Within a month I had met the first of a small but non-influential community of people who violently opposed SALT for a simple reason: It might keep America from developing a first-strike capability against the Soviet Union. I'll never forget being lectured by an Air Force colonel about how America should have "nuked" the Soviets in the late 1940s before they got The Bomb. I was told that if SALT would go away, America would soon have the capability to nuke them again — and this time America would use it.

As the SALT negotiations began in earnest, I dug into studies at the think tank for the Pentagon and came face to face with the big questions of the nuclear war trade: How much is enough? What is the "threshold of pain" for the Soviet decision-makers? What level of destruction will deter Soviet attack? Is it measured in industrial capacity? In war machines? In Soviet citizenry? In some arcane combination of these and other factors, which a careful reading of Russian history and of recent articles in Red Star would divine?

My ride of passage was complete. The scientist — whose main interest in graduate school was trying to obtain commercially useful energy from controlled fusion — had become the policy analyst playing nuclear war. The policy analyst went to the White House.

I was at the White House's National Security Council only a few months when it was time for a SALT negotiating session to begin in Geneva. One of Secretary of State Kissinger's division heads asked me to draft a set of instructions for the U.S. delegation. I asked what to put in the instructions — and was told just to do a draft on my own, with one cover memo to Kissinger and another from Kissinger to the president.

Three days later I got the package and the instructions back. The person who had asked for the draft had not changed a word. Nor had Kissinger. Nor had the president. The instructions were on their way to Geneva. I swallowed hard.

Those people above me who were supposed to be thinking about the Big Questions were relying on me to think about those things. I was to make decisions in the nuclear war trade, not just stick in pins. So I began to think about many things.

Grown-Ups?

I thought about the fact that nobody at the White House seemed to understand nuclear war issues better than I did. Knowing my limitations, that did not reassure me.

I thought about the organizational chaos at the White House, the haphazard way decisions often were reached. I thought about the minimum amount of time the president had to spend on nuclear war issues, his ultimate responsibility.

And I thought about the former presidential science adviser, similarly struck by the way major decisions are made, who asked, "Where are the grown-ups?"

His comment is apt. There is a good deal of childish behavior in the White House, including temper tantrums. The last place I expected to find adults losing control of themselves was in White House rooms with nuclear war planners. But there the tantrums were — directed at officials of other countries, at briefing books, at staff, at other high U.S. officials, at almost anything you can think of. I had hoped that the White House's nuclear war business was in the hands of people who were rational and calm under pressure.

I was learning. In time I learned to live with all of this. But to friends — who asked questions like, "Not going to get blown up soon, are we?" — I confided that it was the ultimate example of "to the land of the blind, the one-eyed man is king." Many thought I was joking, but I wasn't.

As the shock of these experiences wore off, I joined with some of

the most dedicated people I have ever met in trying to help the president perform the hardest job in the world. I watched three presidents who were deeply concerned about preventing nuclear war leave the White House with a sense of frustration. Each sought to leave the American people with a legacy of security with respect to nuclear war, a confidence that nuclear war would not happen. Each failed.

When SALT-2 was defeated, I had some time to ponder how we had got ourselves into the awful mess we were in. The factor that stood out in my mind was the seeming lack of understanding of just how great the chance of nuclear war really was.

I had seen how the White House and the so-called chain of command operated, and I assumed the Russians were probably worse. I knew how poorly we understood the Russians and how poorly they understood us. I could see the rising tension of nuclear proliferation vastly increasing the risk of superpower confrontation.

Accidents

Adding it all up was unsettling. There was too much opportunity for machine error, for human error, for errors in judgment. Nuclear war could occur far more easily than people in the White House, in Congress and in the country at large seemed to realize.

If nuclear war comes and any historians survive, they will marvel at the role of chance in its genesis, its grim conclusion.

Some chance events — which have taken us closer to the brink than is realized — have of course already occurred. There was the mid-1960s incident in which U.S. radar mistook the rising of the moon for a missile attack. There was the 1979 mishap in which a computer with a practice Soviet missile attack tape on it was accidentally introduced into an operating missile warning system. And there was the 1980 accident in which a microchip failed in a computer at Strategic Air Command headquarters in Omaha and the B-52s almost took off.

These unintended happenings can be multiplied by presumed mishaps on the Soviet side and by additional mistakes in other nations which have acquired, or are in the process of acquiring, nuclear weapons. It is by no means inconceivable that next time, rather than on a calm day when America and the Soviets are merely at normal levels of enmity, a false alarm will occur in an atmosphere of crisis, with somebody suddenly heading for the Hot Line and trying to explain that it was just a mistake.

There is something in the birth of a child — or the death of a loved one — that is a reminder of both the miracle and the fragility of life. Now there she was, a new person, a new being, demanding the right to live, to find out why she came." And here I was, thinking of the risks of nuclear war.

I held forth on all this to a friend late one night when most sensible people have gone home or to bed. I railed away at the absurdity of the situation we Americans found ourselves in — living in an imperfect world with imperfect machines and imperfect people making decisions on subjects they only partially understood. Something had to be done.

At the root of the problem is the fact that the public has scarcely any reliable information with which to develop thoughtful opinions about American nuclear policy. Policy-makers, therefore, have little serious sense of public opinion to guide them.

The People

Sure, there are polls on the nuclear question. But nowhere do these polls tell us about the difficult decisions and trade-offs involved. We know from polls, for example, that two-thirds of Americans want to pursue arms control with the Soviet Union, and that at the same time two-thirds don't trust the Russians to adhere to such accords. Do Americans want arms control negotiations or not? The polls, in their simplicity, have been part of the problem.

A larger part of the problem is that no effort has been made by the government to maintain public concern and understanding about the fundamental questions of nuclear war. Perhaps this is understandable. What president is going to send a message to the nation that he and his colleagues are losing their grip on the nuclear war issue?

Young people now demonstrating for the control of nuclear weapons understandably have no memory of all this. Unfortunately, the Reagan administration seems also to have forgotten, and it is leaving the peace propaganda battle to the Russians, who have done more to lock the limitation of nuclear weapons than anybody else.

Officials in Washington do not seem to understand — probably because they have not read Jonathan Schell's book, "The Fate of the Earth," which is rapidly becoming a guidebook for the anti-nuclear protesters and which the politicians will have to consider now or deal with later.

"Of all the modest hopes of human beings," Schell observes, "the hope that mankind will survive is the most modest, since it only brings us to the threshold of all the other hopes. In entertainment, we do not yet ask for justice, or for freedom, or for happiness, or for any of the other things that we may want in life."

"We do not even necessarily ask for our personal survival; we ask only that we be survived. We ask for assurance that when we die as individuals, as we know we must, mankind will live on."

©1982, The New York Times.

'That We Be Survived'

By James Reston

WASHINGTON — The Reagan administration is beginning to pay some attention to the pro-nuke movement against the nuclear arms race, but it is not really dealing with the anxiety and philosophy behind this human outcry.

It is paying attention, reluctantly, for political reasons. Republican leaders in Congress are telling the administration that they cannot pass the Pentagon budget in the present economic crisis against rising opposition to its military budget, with its emphasis on new nuclear weapons.

Also, the president is going to make a grand tour of Europe in June, and the West European governments are warming him privately that the anti-nuclear opposition may demonstrate against him and the NATO policy of putting new U.S. Cruise and Pershing-2 missiles on their territory.

Accordingly, Reagan is veering away from his hard-line course. After his talks with Presidents Mitterrand of France and López Portillo of Mexico, he is agreeing to Mexican attempts at a negotiated settlement in Central America. He has agreed, despite opposition in his administration, to begin negotiations in Geneva with the Russians on intercontinental strategic nuclear weapons.

This may blunt the opposition of the anti-nuclear movement to Europe and the American movement that is spreading to churches, universities, town meetings and even to Congress. But it is not likely to silence the public outcry for control of nuclear weapons, for the protesters are not leaving in diplomatic or military terms.

They are proclaiming instead of life and death. They are proclaiming that the threat of nuclear war is too serious to be left to politicians, who cannot seem even to manage their own personal or national affairs. They are challenging the assumption, popular in both Moscow and Washington, that all will be well if more atomic weapons make the other side afraid. It is possible that fear itself may be the most likely cause of war.

They are saying, as Herbert Butterfield said at the American University to Washington long ago, that the people must speak, not as priggish moralizers, but because wars may be caused, not necessarily through some extraordinary criminality but from petty betrayal and individual neglect.

This is not being said by the anti-nuclear leaders with a clear voice so far. Indeed, their cry for a "freeze" on nuclear weapons at the present imbalance of military power in the world is both

emotional and dangerous, since it would leave Moscow with an unacceptable advantage in strategic and conventional weapons. But they are expressing an elemental feeling.

What is surprising — since at this point this is essentially a political and propaganda argument about weapons that will not be available until long after Reagan has gone back to his ranch in California — is that the administration has been so knock-kneed in handling the problem.

After all, it is not the Soviet Union but the United States that has led the fight for the control of nuclear weapons since the last world war. It was not the Democrats, but a bipartisan coalition of Republicans and Democrats that supported the Baruch Plan, the Acheson Plan, the Lilienthal Plan for the control and even the abolition of these apocalyptic weapons.

It was President Eisenhower who proposed a wide reduction of nuclear arms and the transfer of the money saved to the hungry people of the world. It was Gen. George Marshall who suggested that his plan for the reconstruction of Europe after the war should be extended to the Soviet Union and Eastern Europe. And it was the Soviet Union that rejected all these proposals.

Young people now demonstrating for the control of nuclear weapons understandably have no memory of all this. Unfortunately, the Reagan administration seems also to have forgotten, and it is leaving the peace propaganda battle to the Russians, who have done more to lock the limitation of nuclear weapons than anybody else.

We do not even necessarily ask for our personal survival; we ask only that we be survived. We ask for assurance that when we die as individuals, as we know we must, mankind will live on."

©1982, The New York Times.

An Alert Recalled

By Philip Geyelin

Australian Cinema — Alive and Well at the Crossroads

By Kay Withers

International Herald Tribune

SYDNEY — The cinema is alive and well and booming in Australia, but it's not quite sure where it's going.

After early promise ("The Story of the Kelly Gang" in 1906 was one of the world's first feature films) and a mid-century slump when, as director Phil Noyce put it, "It was a very rare thing to see your own culture on screen," the Australian film industry has finally taken off.

Since 1970, the country has produced nearly 300 feature films, compared with 13 in the previous decade. "Newsfront" and "Breaker Morant" have done well in Cannes. Judy Davis won two British awards for her role in "My Brilliant Career." The television series "A Town like Alice" won an International Emmy. "Picnic at Hanging Rock" and "Gallipoli" have been acclaimed worldwide.

"It's been a wonderful 10 years. We've been able to cash in on the novelty value of Australian films," said James Mitchell, executive director of the Sydney-based Film and Television Producers' Association of Australia. "But that's not going to last. And we have to decide where we're going, whether we want to stay a curiosity, viewed mainly by an elite, or whether we want to branch out into the popular field."

Eyeing Big Markets

Mitchell himself — young and enthusiastic like, it seems, almost everybody in the Australian industry — believes Australia is moving into big budgets and big markets.

So far, fewer than a dozen Australian films have made big money — and they looked good only because of minuscule budgets. "Breaker Morant" has grossed over \$6 million in 36 countries — a fat profit because the film cost less than \$1 million. The violent, futuristic "Mad Max" series, starring Mel Gibson as a lone warrior eternally in search of fuel, has done well: \$100 million worldwide for the original, \$1 million six days after release for "Mad Max 2." They cost, respectively, \$40,000 and \$4 million.

If Australia is to move into the big-time budgets some filmmakers believe necessary to "smooth the rough edges" of a dynamic but raw product, then it must capture wider international markets, especially in the United States. Will this mean developing a "mid-Pacific" style, using more American money and talent?

No, says John Morris, chairman of the South Australian Film Corp. "We are committed to making Australian films with Australians." Yet, in moderation, says Sydney's James Mitchell, who advocates "judicious use of overseas talent."

In the conflict between purity and popularization, the Australian cinema has so far aimed quite frankly for purity — a policy fostered by active government sup-



Young director Scott Hicks and his crew at work on his recently completed "Freedom."

port for categorically "Australian" films. Correctly predicting that a strong film industry would promote Australia abroad, the federal leadership set up what became the Australian Film Commission more than a decade ago. A national film and television training school followed three years later. And, since 1976, six states have organized their own film corporations.

The total amount of money administered by all these bodies would not pay for your average Hollywood movie. Australia works on a shoestring.

Handouts apart, the government also has tried to interest private investors in the cinema industry by allowing exceptional tax deductions to the backers of films over which Australians have both economic and creative control.

People like John Morris support these protectionist attitudes. Past pre-shooting sales of overseas distribution rights, he said, either de-

generated into creative interference or proved so tough a bargain that the Australian producers gained very little.

On the other hand, producers like Sydney's McElroy brothers claim that filmmakers are treated with more respect in Hollywood than anywhere else, as James McElroy put it in an interview with *The National Times*. Their current production, "The Year of Living Dangerously," a story of the Sukarno years in Indonesia, may indeed prove the test case of how far abroad producers can go while remaining "Australian."

Director Peter Weir and James McElroy got a grant from the Australian Film Commission to develop a script from Christopher Koch's novel. They sold 50 percent to CBS, who reworked the script along strongly American lines. Unhappy, Weir went to MGM, which made only minor changes. Producer and director were happy but the tax man apparently wasn't.

According to Melbourne producer Ross Colosimo: "Once Australians thought in terms of overseas because nothing here was considered good enough. That mentality has gone completely." At this point, enjoying foreign aid without suffering foreign enslavement might indicate that the Australian industry has grown up.

English actor Edward Woodward could play the lead in "Breaker Morant," then, and Kirk Douglas could make "The Man from Snowy River." Richard Chamberlain could boost U.S. box office receipts for "The Last Wave," and Olivia Hussey can star in the current "Pirate Movie." Be-

cause they are no longer a crutch, and there's an indigenous star system growing up here. Actors Jack Thompson, Helen Morse, Bryan Brown, Judy Davis and Mel Gibson have international reputations now, as do directors Peter Weir, John Duigan, Phil Noyce, Bruce Beresford and Gillian Armstrong. And young directors, like Scott Hicks, are coming up.

The old kangaroo-and-cork-trimmed-hat clichés have disappeared too. As Mitchell puts it:

"We're beginning to see that we don't have to shoot gum trees and koalas to be Australian. We're making movies about real life. [Duigan's] 'The Winter of our Dreams' was just a story about the relationship between men and women; 'Breaker' wasn't even set in Australia; 'Gallipoli' was not self-consciously Australian; any more than 'Charlies' Fire' was self-consciously English."

Problems of Growth

With production units mushrooming everywhere, Sydney producer Jane Scott warned, "The Australian industry is changing from a cottage industry, and quality may be lost in the scramble." At the same time, James Mitchell sees increased money and time as essential to professionalism, to polishing "naïve films with a hard edge." As budgets soar, however, enthusiasm could wane, especially in a country where "bludging" or sloughing off is a national pastime. People now willing to work with passion for a \$300 a week might slacken off at \$1,000.

The other danger is that once money becomes a priority, talent will go where there's more — overseas. Director Fred Schepisi ("The Chant of Jimmie Blacksmith") has been making a Western in the United States; Gillian Armstrong ("My Brilliant Career") has been away temporarily; Don McAlpine, the superb cameraman of "Breaker" and "My Brilliant Career" is working with Pani Maizs.

Some have resisted. Peter Weir calls Australia "the most exciting filmmaking country in the world" and says, "At the moment it is right for me here." Weir rejects too much polishing. The United States, according to him, is "choked with craft, too much refinement, too many filters, too much processing of material."

Australia now has to find its way between the "rough edges" and the "too many filters," to retain the stark beauty of the cinema of the 1970s while making itself more of a household word.

There is still some way to go. The Adelaide Advertiser recently reported that the Australian Film Commission office in Los Angeles had received a request to submit some Australian films to a festival in Miami. The request, the paper said, required a "written commitment that Australia will contribute one or two films ofestival quality, subtitled in English."

China's Only Western-Style Hotel

By Jonathan Sharp
Reuters

PEKING — It is an education just to watch the faces of foreigners as they walk for the first time into Peking's newest hotel, the Jianguo (Build the Nation).

The almost universal reaction is one of amazement because the Jianguo is unique — it is China's only truly Western-style hotel.

As everyone keeps saying, it is like entering another world. There are thick carpets, candles on the dining-room tables and a Filipino band in the bar, which is called Charlie's.

Furniture and fittings are imported. Much of the food is also from abroad, including all the meat and cheese. For the moment at least, the waiters and attendants are polite and helpful — a welcome change from many other Chinese hotels.

The Jianguo still has some touches that owe more to Chairman Mao than to Conrad Hilton. Waiters and waitresses wear ruffled white tunics, the standard garb for Chinese hotel staff.

But for the first time since the Communists came to power, China has a hotel that in most respects matches the facilities and services of establishments in the capitalist world.

Almost as eye-opening as the decor is the hotel's part-owner, Clement Chen, a genial Chinese-born American who sprinkles his conversation with frank observations about his new venture.

Chen recognizes that his hotel, which he runs with 35 staff from Hong Kong's Peninsula group, could face problems in a country where traditional suspicion of things foreign has not been diminished by 33 years under Communist rule. Already Chinese authorities have voiced objections to the Filipino trio in Charlie's, and it may have to go.

As everyone keeps saying, it is like entering another world. There are thick carpets, candles on the dining-room tables and a Filipino band in the bar, which is called Charlie's.

Furniture and fittings are imported. Much of the food is also from abroad, including all the meat and cheese. For the moment at least, the waiters and attendants are polite and helpful — a welcome change from many other Chinese hotels.

The Jianguo still has some touches that owe more to Chairman Mao than to Conrad Hilton. Waiters and waitresses wear ruffled white tunics, the standard garb for Chinese hotel staff.

But for the first time since the Communists came to power, China has a hotel that in most respects matches the facilities and services of establishments in the capitalist world.

Almost as eye-opening as the decor is the hotel's part-owner, Clement Chen, a genial Chinese-born American who sprinkles his conversation with frank observations about his new venture.

Chen recognizes that his hotel, which he runs with 35 staff from Hong Kong's Peninsula group, could face problems in a country where traditional suspicion of things foreign has not been diminished by 33 years under Communist rule. Already Chinese authorities have voiced objections to the Filipino trio in Charlie's, and it may have to go.

As everyone keeps saying, it is like entering another world. There are thick carpets, candles on the dining-room tables and a Filipino band in the bar, which is called Charlie's.

Furniture and fittings are imported. Much of the food is also from abroad, including all the meat and cheese. For the moment at least, the waiters and attendants are polite and helpful — a welcome change from many other Chinese hotels.

The Jianguo still has some touches that owe more to Chairman Mao than to Conrad Hilton. Waiters and waitresses wear ruffled white tunics, the standard garb for Chinese hotel staff.

But for the first time since the Communists came to power, China has a hotel that in most respects matches the facilities and services of establishments in the capitalist world.

Almost as eye-opening as the decor is the hotel's part-owner, Clement Chen, a genial Chinese-born American who sprinkles his conversation with frank observations about his new venture.

Chen recognizes that his hotel, which he runs with 35 staff from Hong Kong's Peninsula group, could face problems in a country where traditional suspicion of things foreign has not been diminished by 33 years under Communist rule. Already Chinese authorities have voiced objections to the Filipino trio in Charlie's, and it may have to go.

As everyone keeps saying, it is like entering another world. There are thick carpets, candles on the dining-room tables and a Filipino band in the bar, which is called Charlie's.

Furniture and fittings are imported. Much of the food is also from abroad, including all the meat and cheese. For the moment at least, the waiters and attendants are polite and helpful — a welcome change from many other Chinese hotels.

The Jianguo still has some touches that owe more to Chairman Mao than to Conrad Hilton. Waiters and waitresses wear ruffled white tunics, the standard garb for Chinese hotel staff.

But for the first time since the Communists came to power, China has a hotel that in most respects matches the facilities and services of establishments in the capitalist world.

Almost as eye-opening as the decor is the hotel's part-owner, Clement Chen, a genial Chinese-born American who sprinkles his conversation with frank observations about his new venture.

Chen recognizes that his hotel, which he runs with 35 staff from Hong Kong's Peninsula group, could face problems in a country where traditional suspicion of things foreign has not been diminished by 33 years under Communist rule. Already Chinese authorities have voiced objections to the Filipino trio in Charlie's, and it may have to go.

As everyone keeps saying, it is like entering another world. There are thick carpets, candles on the dining-room tables and a Filipino band in the bar, which is called Charlie's.

Furniture and fittings are imported. Much of the food is also from abroad, including all the meat and cheese. For the moment at least, the waiters and attendants are polite and helpful — a welcome change from many other Chinese hotels.

The Jianguo still has some touches that owe more to Chairman Mao than to Conrad Hilton. Waiters and waitresses wear ruffled white tunics, the standard garb for Chinese hotel staff.

But for the first time since the Communists came to power, China has a hotel that in most respects matches the facilities and services of establishments in the capitalist world.

Almost as eye-opening as the decor is the hotel's part-owner, Clement Chen, a genial Chinese-born American who sprinkles his conversation with frank observations about his new venture.

Chen recognizes that his hotel, which he runs with 35 staff from Hong Kong's Peninsula group, could face problems in a country where traditional suspicion of things foreign has not been diminished by 33 years under Communist rule. Already Chinese authorities have voiced objections to the Filipino trio in Charlie's, and it may have to go.

As everyone keeps saying, it is like entering another world. There are thick carpets, candles on the dining-room tables and a Filipino band in the bar, which is called Charlie's.

Furniture and fittings are imported. Much of the food is also from abroad, including all the meat and cheese. For the moment at least, the waiters and attendants are polite and helpful — a welcome change from many other Chinese hotels.

The Jianguo still has some touches that owe more to Chairman Mao than to Conrad Hilton. Waiters and waitresses wear ruffled white tunics, the standard garb for Chinese hotel staff.

But for the first time since the Communists came to power, China has a hotel that in most respects matches the facilities and services of establishments in the capitalist world.

Almost as eye-opening as the decor is the hotel's part-owner, Clement Chen, a genial Chinese-born American who sprinkles his conversation with frank observations about his new venture.

Chen recognizes that his hotel, which he runs with 35 staff from Hong Kong's Peninsula group, could face problems in a country where traditional suspicion of things foreign has not been diminished by 33 years under Communist rule. Already Chinese authorities have voiced objections to the Filipino trio in Charlie's, and it may have to go.

As everyone keeps saying, it is like entering another world. There are thick carpets, candles on the dining-room tables and a Filipino band in the bar, which is called Charlie's.

Furniture and fittings are imported. Much of the food is also from abroad, including all the meat and cheese. For the moment at least, the waiters and attendants are polite and helpful — a welcome change from many other Chinese hotels.

The Jianguo still has some touches that owe more to Chairman Mao than to Conrad Hilton. Waiters and waitresses wear ruffled white tunics, the standard garb for Chinese hotel staff.

But for the first time since the Communists came to power, China has a hotel that in most respects matches the facilities and services of establishments in the capitalist world.

Almost as eye-opening as the decor is the hotel's part-owner, Clement Chen, a genial Chinese-born American who sprinkles his conversation with frank observations about his new venture.

Chen recognizes that his hotel, which he runs with 35 staff from Hong Kong's Peninsula group, could face problems in a country where traditional suspicion of things foreign has not been diminished by 33 years under Communist rule. Already Chinese authorities have voiced objections to the Filipino trio in Charlie's, and it may have to go.

As everyone keeps saying, it is like entering another world. There are thick carpets, candles on the dining-room tables and a Filipino band in the bar, which is called Charlie's.

Furniture and fittings are imported. Much of the food is also from abroad, including all the meat and cheese. For the moment at least, the waiters and attendants are polite and helpful — a welcome change from many other Chinese hotels.

The Jianguo still has some touches that owe more to Chairman Mao than to Conrad Hilton. Waiters and waitresses wear ruffled white tunics, the standard garb for Chinese hotel staff.

But for the first time since the Communists came to power, China has a hotel that in most respects matches the facilities and services of establishments in the capitalist world.

Almost as eye-opening as the decor is the hotel's part-owner, Clement Chen, a genial Chinese-born American who sprinkles his conversation with frank observations about his new venture.

Chen recognizes that his hotel, which he runs with 35 staff from Hong Kong's Peninsula group, could face problems in a country where traditional suspicion of things foreign has not been diminished by 33 years under Communist rule. Already Chinese authorities have voiced objections to the Filipino trio in Charlie's, and it may have to go.

As everyone keeps saying, it is like entering another world. There are thick carpets, candles on the dining-room tables and a Filipino band in the bar, which is called Charlie's.

Furniture and fittings are imported. Much of the food is also from abroad, including all the meat and cheese. For the moment at least, the waiters and attendants are polite and helpful — a welcome change from many other Chinese hotels.

The Jianguo still has some touches that owe more to Chairman Mao than to Conrad Hilton. Waiters and waitresses wear ruffled white tunics, the standard garb for Chinese hotel staff.

But for the first time since the Communists came to power, China has a hotel that in most respects matches the facilities and services of establishments in the capitalist world.

Almost as eye-opening as the decor is the hotel's part-owner, Clement Chen, a genial Chinese-born American who sprinkles his conversation with frank observations about his new venture.

Chen recognizes that his hotel, which he runs with 35 staff from Hong Kong's Peninsula group, could face problems in a country where traditional suspicion of things foreign has not been diminished by 33 years under Communist rule. Already Chinese authorities have voiced objections to the Filipino trio in Charlie's, and it may have to go.

As everyone keeps saying, it is like entering another world. There are thick carpets, candles on the dining-room tables and a Filipino band in the bar, which is called Charlie's.

Furniture and fittings are imported. Much of the food is also from abroad, including all the meat and cheese. For the moment at least, the waiters and attendants are polite and helpful — a welcome change from many other Chinese hotels.

The Jianguo still has some touches that owe more to Chairman Mao than to Conrad Hilton. Waiters and waitresses wear ruffled white tunics, the standard garb for Chinese hotel staff.

But for the first time since the Communists came to power, China has a hotel that in most respects matches the facilities and services of establishments in the capitalist world.

Almost as eye-opening as the decor is the hotel's part-owner, Clement Chen, a genial Chinese-born American who sprinkles his conversation with frank observations about his new venture.

Chen recognizes that his hotel, which he runs with 35 staff from Hong Kong's Peninsula group, could face problems in a country where traditional suspicion of things foreign has not been diminished by 33 years under Communist rule. Already Chinese authorities have voiced objections to the Filipino trio in Charlie's, and it may have to go.

As everyone keeps saying, it is

Common Market: 25 Years of Economic Success, Political Failure

By John Vincour

New York Times Service

BRUSSELS — The partnership of 10 West European democratic countries that makes up the European Economic Community will be 25 years old this week. While it has much to celebrate, it regrets some of its past and worries about its future.

This mood hides many of the EEC's great accomplishments. It has developed a remarkable free-trade zone that until recently made protectionism seem retrograde and unnecessary. The European Court has functioned well, and there are important industrial agreements on trading matters. A European Parliament has been elected by universal suffrage.

But the Parliament has inadequate powers and the goals of political and monetary union have stagnated.

The Common Market has certainly strengthened the Europe of shared genius, shared wisdom, enormous practical experience and finesse. But it has also represented the Europe of nervousness, distaste for risk and limited resources. The two courses, intensified by old reflexes of nationalism, now seem to have pulled even in influencing the community's attempt to exist as a vital institution.

A decade ago, when times were good for the EEC, its members seemed too satisfied with their own individual successes to bother much about seeking greater collective unity. Now, deep in recession, the individual nations' fears, as much as the successes in the past, continue to block creation of a genuinely united community.

Mountains and 'Snakes'

The last few years of seemingly endless disputes and sometimes bafflingly obscure terms — butter mountains, chicken wars, currency "snakes" — have made impressions of partial failure and fragility commonplace here.

No one has said it more distinctly than Gaston Thorn, president of the organization's Permanent Commission, who insists that the EEC is in danger, faced with the choice of managing "awesome and forbidding problems" or accepting "irreversible decline."

Twenty-five years after the signing of the Treaty of Rome, which established the Customs Union and was widely regarded at the time as a first step toward creating a United States of Europe, the original ideas seem faint

and otherworldly. Hardly anyone talks about creating a federal system that could rival the United States and the Soviet Union in strength and prestige, and when the subject is mentioned, it is usually with regret and melancholy.

The reality that has replaced the dream often appears to be characterized by the penumbra of members, a bureaucracy that measures contributions down to the last erg, and what De Gaulle called "grosers" disputes. Frequently, in times of great economic stress, the EEC's activities involve little more than jockeying for advantage in discussions of commercial and budgetary agreements.

"The community," Mr. Thorn said, "is lurching from wine war to turkey fight to budget dispute." It is involved, he said, in "ester squabbles" about money. Its identity is slipping away. There is a lack of direction, a sense of powerlessness. There has to be an immediate start on laying the foundations for a second-generation Europe."

The reality in the EEC today is Britain arguing with the rest of the group about its just return from money placed in the communal pot, and Britain's threats to block the agricultural program if its demands are not met. The reality is also Greece, the newest member, demanding to renegotiate its entry agreement, and Greenland, a Danish territory with autonomous status, voting to pull out.

The day-to-day experience is France restricting the importation of Italian wine, threatening community bylaws. And it is French brewers in Alsace complaining about West German regulations involving the "purity" of beer that make it virtually impossible for them to export across the Rhine.

"With all our arrogance and self-importance, Europe at this moment signifies nothing," Leo Tindemans, the Belgian foreign minister and president of the EEC's Council of Ministers, said in a recent interview. A passionate believer in European unity, Mr. Tindemans uttered the phrase with enormous regret: "Europe has no policy," he said. "It is not involved in power politics."

The Common Market's own polling organization, Eurobarometer, insists that 74 percent of the people it canvassed last December still favor the movement toward European unification. But when it asked the West Germans, once passionate and idealistic supporters of

the unity movement, what they valued in the Common Market today, the answer was prosaic, humbly so — "a wider selection of products in the shops."

The idea of some kind of supranational status for Europe's citizens that was so present in the thinking of Jean Monnet, one of the central forces in the unification movement 25 years ago, has become something. Roll Dahrenhoff, a West German who is the director of the London School of Economics and a former member of the community's commission, wrote recently that "Europe" as etsal for the "nation" has collapsed" as far as West Germany is concerned.

No Funds to Celebrate

In the end, the news stories about the EEC reach Europeans are ones that announce things like the government's cancellation of a request for \$80,000 out of the community's \$25 billion budget to commemorate the 25th anniversary. In Norway, 53 percent of the population rejected membership in a referendum in 1972; unofficial polls indicate that the level of rejection would be considerably higher today, according to the Foreign Ministry in Oslo.

What happened to the ideal? When the Treaty of Rome was signed, the creation of the Common Market itself was not regarded as the essence of the achievement, but as a first step. Welcoming the event, The New York Times said in an editorial on March 26, 1957: "The projects are born of the realization that the European national states have become historic anachronisms which are no longer able to stand alone and are therefore forced to unite or perish."

In analyzing what the community has become and how the reality compares with the ideal, many political figures were interviewed, and they offered several explanations.

One of the most current is that during the "golden '60s" as Mr. Tindemans describes them, the impetus for integration was lost in Europe's enormous well-being. Without exterior threats and with the buildup of vast networks of social services, the idea began to seem superfluous. By the time of the oil crisis in 1973, the reflex of moving together in time of difficulty had been supplanted by a notion of being able to best assure national interest by national rather than community means.

The subsequent individual attempts to se-

cure favorable oil deals from the Arabs and the cut-throat competition among European partners for favors and industrial sales to the oil-exporting countries were prime examples of the attitude that had developed behind the platitudes.

Not much more than a trace of the supranational oratory was evident in 1973, when Britain, Denmark and Ireland joined the original six EEC countries — France, the Netherlands, Belgium, Luxembourg, West Germany and Italy. Geoffrey Rippon, the chief British negotiator for his country's entry, tells the story of the lost passions through a poll in Italy concerning Britain's entry: "About 70 percent said we should come in, and about 80 percent added that Italy should join too."

"We didn't join to make a political Europe by then," said Lord George-Brown, a former British foreign secretary and a supporter of European political unity. "We joined to prevent it from developing increasingly to our disadvantage." According to Eurobarometer, by October of last year many more Britons saw EEC membership as a drawback rather than an advantage.

There are other theories for where the problems began. One of Belgium's signers of the treaty at the ceremony in Rome, Baron Jean Charles Snoy d'Oppuers, insists that the blame belongs to De Gaulle.

It was a great tragedy that he came to power just four months later and remained for 11 years," he said. "He blocked the institutional development of the treaty, and we never got rid of his legacy. The institutions are paralyzed today, and we have never been able to exploit our political strength. The ideal and the reality correspond in no way."

Another prevalent explanation involves the community's apparently reactive nature and the idea that it has missed a vital element because of its lack of involvement in European defense.

It has been suggested that the market's problems were preordained when a plan for a European Defense Community with a supranational army fell apart in 1954 after its rejection by the French National Assembly.

"Creating the EDC would have meant that political union was a necessity," Mr. Tindemans said. "It was an enormous blow. I'll never forget seeing a young German crying when we read the news it had all collapsed. And I

cannot forget what he said. 'It will start again. All this nationalism.'"

A parallel judgment was made by Pierre Messmer, a former French premier and defense minister, who was a loyal supporter of De Gaulle's line in surrendering no national prerogatives to which NATO is involved.

"Collectivities never last long unless they assure their own defense," he said. "If the community can't assume a mission of this kind, then it can't really have the pretense of taking great responsibilities. Therefore, in the eyes of the French, the community never had complete legitimacy."

The French goals, he said, were to use Europe as a tool to force French industry to pull itself up to the level of West Germany. For De Gaulle's France, the integrated political unit was, in Mr. Messmer's words, "un machin" — a silly gimmick. Mr. Messmer did not oppose the argument presented to him that the French also wanted to keep a hand on West Germany, and that once this seemed clearly established in the early 1960s through De Gaulle's relationship with Chancellor Konrad Adenauer, oo one in France saw any reason to press the political union.

In the early 1960s, the Fouchet plans, two proposals for a measure of greater political integration, fell apart. France was soon resisting attempts by Walter Hallstein, the West German who was the Permanent Commission's president, to give the commission a greater role as an independent decision-making group.

The community had its first deep crisis over the so-called Hallstein plan, and, in the end, the idea of supranationality was given a severe blow.

Now, the issue of British payments has the same critical feeling, but it is essentially a technical problem. The debate is basic to the community's future, but it is far from the old, nobler discussions of a federated Europe.

Presuming that the community will not

founder on the issues of British payments and farm price supports, and that its heads of state and government will be able to reach a modus vivendi when they meet on March 29 and 30, the question will remain of how Europe, the idea of unity and political integration, can be revived.

The best hope, many Europeans feel, may be adversity. Movement toward the signing of the Treaty of Rome was quickened, they recall,

by the events of 1956: the Hungarian revolt, the Suez campaign.

The foreign ministers of West Germany and Italy, Hans-Dietrich Genscher and Emilio Colombo, have made proposals, essentially talking points, to broaden consultations on security policy, including many of the political aspects in which NATO is involved.

Mr. Colombo has also been talking about a European-American friendship document that would provide for a permanent consultative mechanism beyond the military alliance, and in the process would create greater inter-European political cooperation.

One new factor, a potentially positive element, is that France appears increasingly interested in some kind of movement that would increase military cooperation on West European level. Men like Mr. Rippon and Lord George-Brown believe that the neutral-sounding remarks in Bonn over the last year have got the French, and other countries, concerned about West Germany again.

An original French goal for involvement in the Common Market was binding West Germany to the West. Now, the French are turning to the West European Union, a consultative assembly for defense questions. It was set up after the failure of the planned European Defense Community, but has been dormant for most of the last two decades.

But the enormity of the task of moving toward any kind of greater political integration is apparent in the difficulty the member countries have in resolving their differences in specific areas where they do cooperate.

In the memoirs of Mr. Monnet there are long passages about the Europe that is to be and the marvels that it could provide to the world. But that was only half the vision.

In André Malraux's book of conversations — some imaginary, some less so — with De Gaulle before his death, the general is made to say, "Europe when it was just nations that hated one another had more reality than the Europe of today ... good luck to this federation without a federator ... no doubt about it, we're watching the end of Europe."

The truth seems somewhere between Mr. Monnet and Mr. Malraux's De Gaulle. Baron Snoy d'Oppuers, who signed the treaty, said, "In spite of everything, we do to disabuse them, the rest of the world seems to persist in thinking that Europe exists."

Europarliament Still Just an EEC Unity Symbol

By Richard Eder

New York Times Service

EDAM, Netherlands — Piet Dankert was raised on a farm north of here. When he was 7, the Germans blew up the dikes and flooded it. Later, he spent holidays in Germany and Sweden. He married a Frenchwoman who sold programs at the Casals festival in Prades, and then he became a Socialist defense expert in the Dutch parliament.

Two months ago, he defeated a West German Christian Democrat, Eggo Klepsch, and a French liberal, Simon Veil, to become president of the European Parliament. He did it thanks to the support of West German and French Socialists and a last-minute switch by British Conservatives.

Mr. Dankert makes his home behind Dutch doors. In this village of brick houses and willow-bordered canals, he only gets home weekends, and in almost every respect he is as little national and as thoroughly European as it is possible to be.

His fluency in four languages — Dutch, English, French and German — is one of the qualities that got him elected to the presidency of the European Parliament.

Forthcoming Battle

Twenty-five years after the signing of the Treaty of Rome, the six member nations have become 10, and the name of their enterprise has evolved from the workaday title of Common Market to the grander notion of the European Community. Thousands of regulations have been enacted, patterns of trade and industry have shifted impressively, and yet the community — that dream of political and social cooperation — is still struggling for tangible birth.

The 25th anniversary is, in fact, being celebrated in the shadow of a forthcoming battle over who pays what, and who gets what, that has more to do with the otiose of market than of community.

And yet the idea of a political and social community is by no means dead; in fact, there is simply no other idea around. Beneath the wrangling and compromises among the member nations, there are whiffs of the notion of supranational cooperation. And to the degree that these can be traced to any particular institution, it is to the Parliament of the European Community.

The European Parliament building stands

on a rise in the French border city of Strasbourg. It is metal and glass, spacious and sleek, with carpeting that spreads from the floors up the walls, with a handsome wood-beamed assembly chamber, and corridors that wind, oodle-like, in curves and without right angles, so that nothing is clearly to the right or left of anything else.

The blandness is broken, not by people or even by an impassioned Greek orator, but by the Common Market agencies in Brussels do oot do something about ship tonnages, or an Italian delegate calling for action on Albanian human rights — but by multicolored collections of objects. Hundreds of metal footlockers, painted red, green or blue and stacked in twos and threes, line the corridors. They are the symbol of the indecision upon which the Parliament is built.

With the Council and the Commission sitting in Brussels, the members of the European Community have never been able to agree on where the Parliament should be. Technically, it is in three places at once: Brussels, Strasbourg and Luxembourg. In practice the Parliament's sessions, which take place for one week each month, are held in Strasbourg; its committees meet in Brussels and its permanent secretariat is located in Luxembourg.

Thus it is not only the legislators who must assemble for each plenary session; it is the civil servants as well, and their papers. Hence the footlockers.

Not a Real Parliament

It was the perambulating Parliament that is more a real parliament, Mr. Dankert said. Yet something happened two and a half years ago that changed the nature of the institution, and while not greatly changing its powers, gave Mr. Dankert and others the notion that it might in time be transformed from a decorative body to an authentic one.

In 1979, instead of being chosen by their national parliaments, the members of the European Parliament were directly elected by the European public. This was a respectable turnout for the first

elections just because they were the first, but if public apathy in 1984 reduces participation to much below 50 percent, the Parliament's claim to represent Europe's united populace against its divided governments will look pale.

Besides whatever electoral drama it might provide, a vote to overturn the Commission would be an assertion of Parliament's skimpy powers. Beyond this, of course, are the more fundamental issues.

The Parliament's complaint about the agencies that actually run the community — the Council and its servant, the Commission — is that instead of mobilizing the energies of Europe, they have remained essentially a brokerage mechanism for the member governments.

The big decisions that Europe needs, such as using agricultural subsidies to compel the rationalization of inefficient agriculture, are similarly not made. The Parliament's members argue, because the member governments disagree and allow disagreement to become inaction.

He and his associates see the Parliament as the potential driving force for a European, rather than a national, way of thinking. And they see it as something else, as well.

"It must be the means of elevating democracy to the European level," he said. "In fact, it is the only way to keep parliamentary democracy in Europe. In each of our countries we think we have it, but it is slipping away."

"When I was in the Dutch parliament I realized that all the major decisions — on energy, on social policies, on important economic matters — were out of our hands. They were being taken in Brussels, and not by any directly elected group.

"They were being taken by the Council of Ministers and by the bureaucracy that works for them. The Council meets privately, behind closed doors, and when your minister reports to you in your national parliament you don't really know what he's done. He can lie even to you."

For Mr. Dankert there is no turning back from Europe's interrelationships and the consequent need to make multinational decisions. But if there is to be parliamentary and not merely bureaucratic control of such decisions, he argues, a parliament must exist. The one he presides over barely does, he concedes, but a gesture such as ousting the Commission, quite as it may seem, might just shock it into existence.

Obstruction by Silence

It was Mr. Olmer and his allies who led the budget revolts and devised the tactic of obstruction by silence. And now they are preparing their most spectacular effort. Some time before the next parliamentary elections in 1984 they intend to exercise the Parliament's one remaining unused power and depose the Commission.

"It will be a symbolic action," Mr. Olmer said. "The Parliament can depose the European commissioners, but the Council — in effect, the member governments — can reappoint them the next day. In that case," said David Curry, a British Conservative, "we would be quite prepared to keep on depositing them until we have made our point."

What is the point? In the short run, it is public relations. "Something drastic has to happen to attract public opinion," Mr. Dankert said. If the Parliament has been able to make its very modest weight felt, it was because of the impetus given by the 1979 elections and the legitimacy they conferred.

Mr. Dankert and his associates are aware that an institution that has far more advisory function than real power — there is more than a suggestion of Britain's House of Lords to it — can hardly stir up much electoral passion. There was a respectable turnout for the first

U.S. Misunderstandings

Two other elements have appeared in the U.S. reaction.

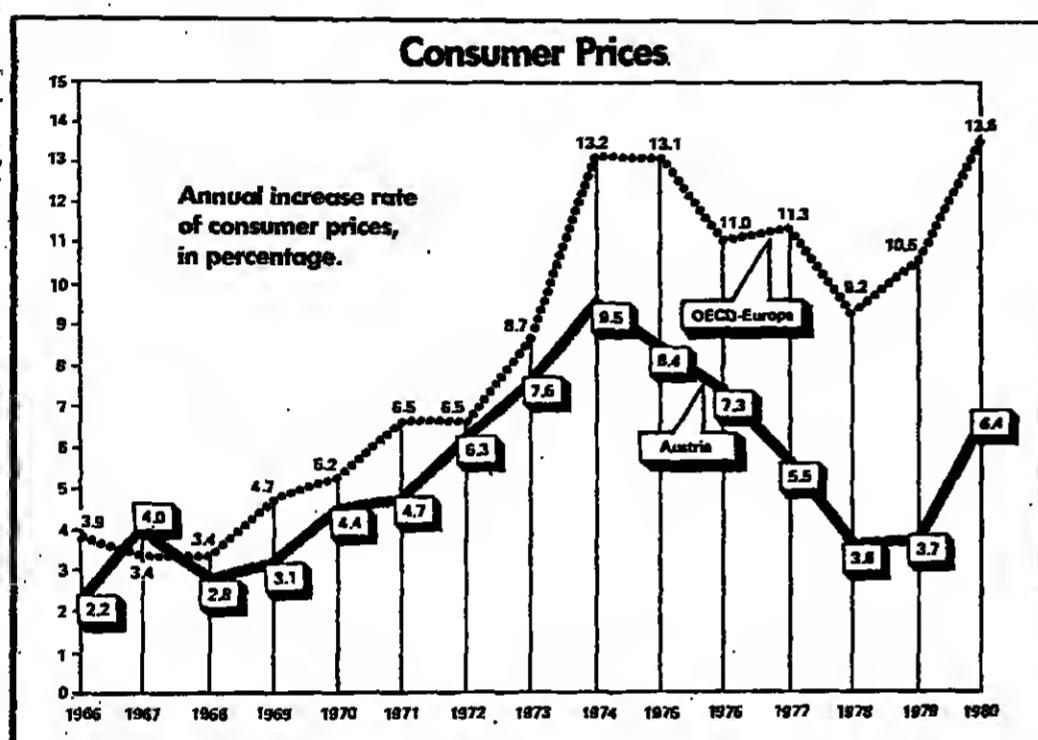
One is that criticisms of Japan aired publicly in the United States have been based, in some cases, upon misunderstandings by the U.S. government. Moreover, the errors do not seem to disturb the officials making them.

Mr. MacDonald was asked at a news conference during his visit whether some of the complaints he had presented to the Japanese government had been based upon misunderstandings.

"Oh, sure," he replied. "You cannot present a spectrum of problems resulting from a series of complaints submitted by businessmen ... without finding that there are some businessmen who don't get their facts right."

About 80 percent of the Japanese market, said Mr. Olmer, is kept out of the Japanese market, said that the commerce secretary "must have picked that figure out of the air."

Few Japanese believe that Japanese obstacles account for a major portion of the U.S. deficit with Japan. But many Americans and a substantial number of informed Japanese do believe that Japan has created obstacles to imports and foreign business activity here, some of which they consider nitpicking.



Nation Turns Haydn's 250th Anniversary Into Wide-Ranging Musical Celebration

By H.C. Robbins Landon

EISENSTADT — Joseph Haydn was born 250 years ago, on March 31, 1732, in Rohrau, a small town in lower Austria that is now a few miles from the Czechoslovak border.

The many celebrations in Haydn's native country this year include concerts, operas, television documentaries, 50 programs on the Austrian radio and a large exhibition in Eisenstadt. Six Haydn operas are being staged in Austria this year. They are:

- "La fedelta premiata," which is currently being given in Vienna by the Wiener Kammeroper.

- "Orlando Paladino," to be performed at the historic Theater an der Wien (where Beethoven's "Fidelio" was first given in 1805) in June.

- "Isola disabitata," to be put on at Hohenems Castle near



certs in Haydn's lifetime, on June 20 and 22.

- "La vera costanza," to be staged in the famous 18th-century theater at Schoenbrunn Palace on Aug. 31.

- "Die Feuerbrunst," a puppet opera, is scheduled in Eisenstadt and Vienna.

Haydn was Kapellmeister to the Princess Esterhazy from 1761 until his death in 1809. For years he lived in Eisenstadt, a small town 30 miles from Vienna that until 1921 was a part of Hungary.

Here, in Esterhazy Palace, not only the opera but many concerts will be given either in the small Empire Room (suitable for chamber music) or in the great hall, now known as the Haydn Hall.

But the most important event in Eisenstadt will be a large-scale exhibition entitled "Joseph

(Continued on Page 11S)

Bregenz as part of the Summer Festival.

- "Le pescatrici," to be conducted by the American Don Moss in the great hall of Eisenstadt's Esterhazy Palace — the scene of many triumphal con-

certs in Haydn's lifetime, on June 20 and 22.

Henry Owen, former U.S. ambassador-at-large in charge of preparing economic summits, is a senior fellow at Brookings Institution and a member of The Consultants International Group.

By Henry Owen

Partnership Results in a 3d 'Miracle'

DID you know that the Japanese and West German "economic miracles" have been overshadowed by a third? No, not Switzerland, which also has its problems, but Austria.

There has been only one discernible major difference between the policies of Austria and those of other less successful countries: The social partnership has brought Austrian labor and business together to address common economic problems and restrain wage and price increases.

The arrangement is voluntary; the key actors are private leaders, not government officials; and there are no sanctions.

This policy will soon face its severest test as Austria faces the recession, but it has worked for more than a generation, enabling Austria to fight inflation successfully without stifling growth.

Attitudes of Labor

This partnership's success has owed much to the nature and attitudes of the Austrian labor movement. That movement is powerful, disciplined and highly centralized. More importantly, it is treated as a full partner.

Through a rather modest Austrian variant of German codetermination, Austrian unions have the right to offer advice about how

(Continued on Page 11S)



UP-FRONT POLICY

Austrian Chancellor Bruno Kreisky, 71, makes a point of being accessible to the media. Here he holds forth at an informal "press foyer" after a cabinet meeting in February.



(Continued on Page 11S)

Bankers Express Worries Over Economic Situation

By David Herriges

VIENNA — No one wants it and everyone fears it: The resurgence of an economic crisis such as Austria experienced in the 1930s.

The 71-year-old chancellor, Bruno Kreisky, in the saddle now for 12 years without a break, believes it will be possible for Austria to hold its special position as one of the few countries with limited unemployment and a relatively low inflation rate if "we all treat each other sensibly."

His remark, made pointedly in a radio broadcast to the nation earlier in March, came only days after a series of indirect attacks had been made on his Socialist government's economic and monetary policy by some of the country's leading bankers. They indicated that Austria was at best entering an ice age of prosperity.

In his annual address to the Association of Austrian Bankers, Stephan Koren, president of the Austrian National Bank and himself a former (conservative) minister of finance, headed out a frosty warning.

As guardian of the nation's currency and an acknowledged protagonist of a hard schilling policy, Mr. Koren cautioned against what he called "immoral advances" being made to the Central Bank to print more money.

Temporary Solutions

They were designed, he said, to give the impression that "those concerned" considered it time to exchange the ill-fitting jacket of stability for the more comfortable overcoat of a little bit more inflation, which might cover up a few unpleasant symptoms — but only temporarily.

In the long run this could only lead to a massive loss of confidence, confidence which, Mr. Koren insisted, is needed when one wants to borrow abroad (which Austria can still do, with a triple-A-rating).

At the same bankers' forum another former (Socialist) minister of

Chancellor Bruno Kreisky says that relatively low unemployment and inflation rates can be maintained if we all treat each other sensibly.'

The most obvious example of this syndrome is Länderbank, Austria's other main joint-stock bank in which, like Creditanstalt, the state has a majority interest.

Länderbank experienced a serious setback last year with the collapse of two large companies it had been financing, leaving a gap of 4.2 billion Austrian schillings in the bank's balance.

The new man put in to deal with the crisis, chief executive Franz Vranitzky, took firm measures to stop the rot.

The state or, as he prefers to see it, "the majority shareholder," was approached for an interest-free loan. The resulting face-saving operation will enable the books to be balanced and even dividends paid.

Parallel streamlining measures are being introduced to modernize Länderbank's somewhat antiquated image.

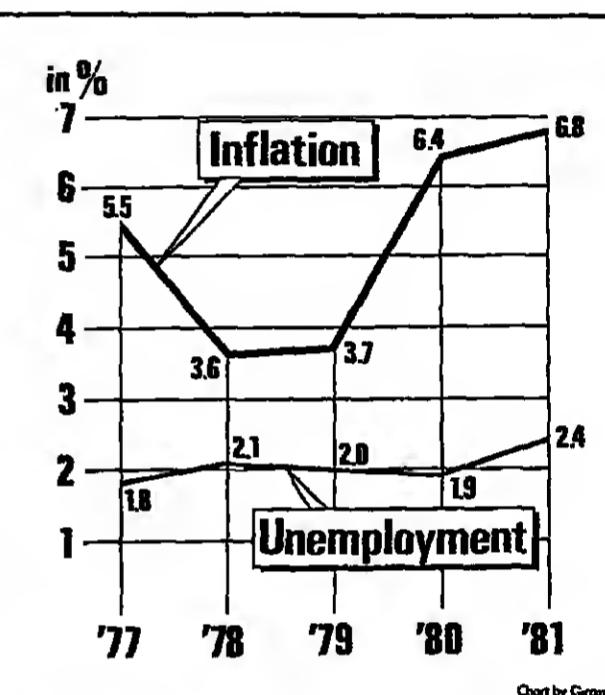
The banks, he said, were themselves in danger of suffering from the recession, and a "sick doctor cannot do much to help his patients."

Finance, Hannes Androsch, director-general since July, 1981, of the country's largest banking institution, Creditanstalt, underlined the concern felt by leading members of his new profession about the increasing pressure being put on the banks by politicians.

The state or, as he prefers to see it, "the majority shareholder," was approached for an interest-free loan. The resulting face-saving operation will enable the books to be balanced and even dividends paid.

Parallel streamlining measures are being introduced to modernize Länderbank's somewhat antiquated image.

"Less diversification and more consolidation," is how Mr. Vranitzky sees the immediate need. Early this year he took the first available opportunity for Länderbank to opt out of a 40-percent participa-



tion in the Banque Continentale de Luxembourg S.A. after it had become clear that the largely Deutschmark-business done in the Grand Duchy could equally well be handled from Vienna.

However, Länderbank's thriv-

(Continued on Page 13S)

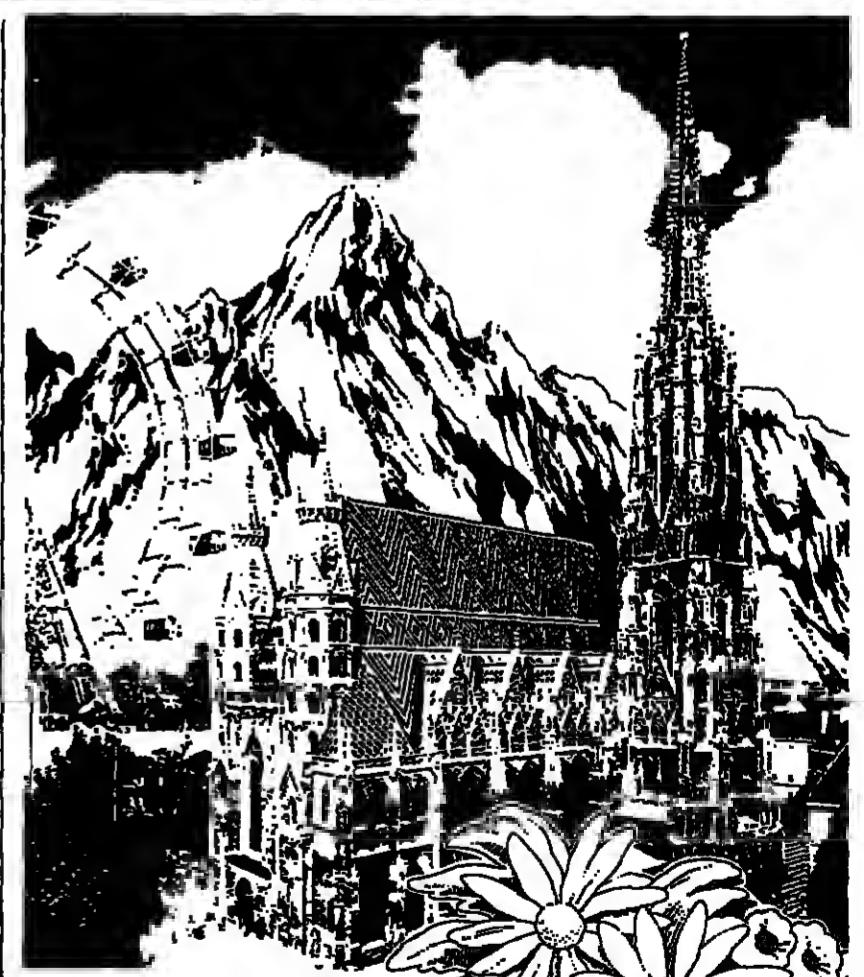
Austrian Länderbank. Planning to do business with Austria ...

...you will need a partner who knows the Austrians and how best to approach them on their own ground. One who is familiar with the international world of banking.

For more than 100 years Austrian Länderbank has been a dynamic force in Austrian foreign trade.

With well over 130 branches and close international connections Länderbank is the bank for all kinds of export and import transactions. The Austrian Länderbank is a member of the Abecor-Group, has interests in many international banking concerns and owns representative offices in Amman/Beirut, London and New York.

You may be sure that the Austrian Länderbank foreign trade specialists are always ready to help you in solving your banking problems. They will advise on where and how international business contacts are made, transactions are financed and wound up, and profitable investment is undertaken everywhere in the world.



The Austrian Länderbank.
Your best partner for
business with Austria.

AUSTRIA

Länderbank is the Abecor Bank in Austria.

AUSTRIAN LÄNDERBANK
Vienna · Amman/Beirut · London · New York

Focus on Austria

POINT OF VIEW: Assessing the Impact Of Economic Policy

By Ronald Barazon

VIENNA — Austria has experienced a decisive turn in recent months. The country's economic situation has deteriorated markedly, and there are no signs of improvement. A few years ago, a British magazine carried a long report on Austria correctly titled, "A Small House in Order." Today, unfortunately, "Paradise Lost" seems appropriate.

The outward sign of the critical stage is a precipitous rise in unemployment within a few months, from 70,000 at the end of October, 1981, to just under 160,000 by the end of January, 1982, with a total of 2.8 million employed. A closer analysis shows that this is not a seasonal occurrence in construction. More than 100,000 persons outside the construction sector were the large majority of those looking for work.

This fact is in contrast with the maintenance of full employment in the 1970s, when Austria managed to prevent the labor market from being strained although the two oil shocks and other worldwide difficulties fully affected this country also. Unemployment rates were always about 2 percent, and the winter period did not bring any threatening swings.

The new development can be attributed to a change in economic policy. But an important factor needs to be emphasized — being jobless in Austria really means hardship. Unlike many other countries, Austria has modest unemployment benefits, ranging from 5,000 to 6,000 Austrian schillings monthly, as a rule. Moreover, these amounts are only paid every six months. After that, state aid drops to a trifle.

Little Abuse

Low unemployment benefits have always been an asset of social policy. No one can live well on the benefits at the expense of the community, and therefore an inclination, widespread in many countries, to abuse the social institutions in this area has not developed.

The secret of Austria's success in the postwar years consisted of a large-scale and generous promotion of economic development. This was the attitude prevailing in the reconstruction period, when the country was governed by a coalition of the Austrian People's

Party (OVP) and the Socialist Party (SPO) and led by the conservatives. This attitude was retained when the People's Party formed a one-party government in 1966. And when the Socialists came to power in 1970, they devoted themselves totally to expansion.

The foundations of the success were low unemployment benefits, and economic policy measures ensured a sufficient number of jobs. It has been jeopardized, though, for more than a year. The left wing has gained the upper hand in the Socialist Party, which is still in power. Those responsible now have been causing problems in the Austrian economy for months.

A broad, the change is not yet discernible. The image foreigners have of Austria continues to be dominated by the personality of Chancellor Bruno Kreisky. However, Mr. Kreisky is ill. The number of events the politician cannot attend is growing. It was particularly striking that Mr. Kreisky was unable to be present at the big North-South conference in Cancun, Mexico, because he had made every effort to ensure that it materialized.

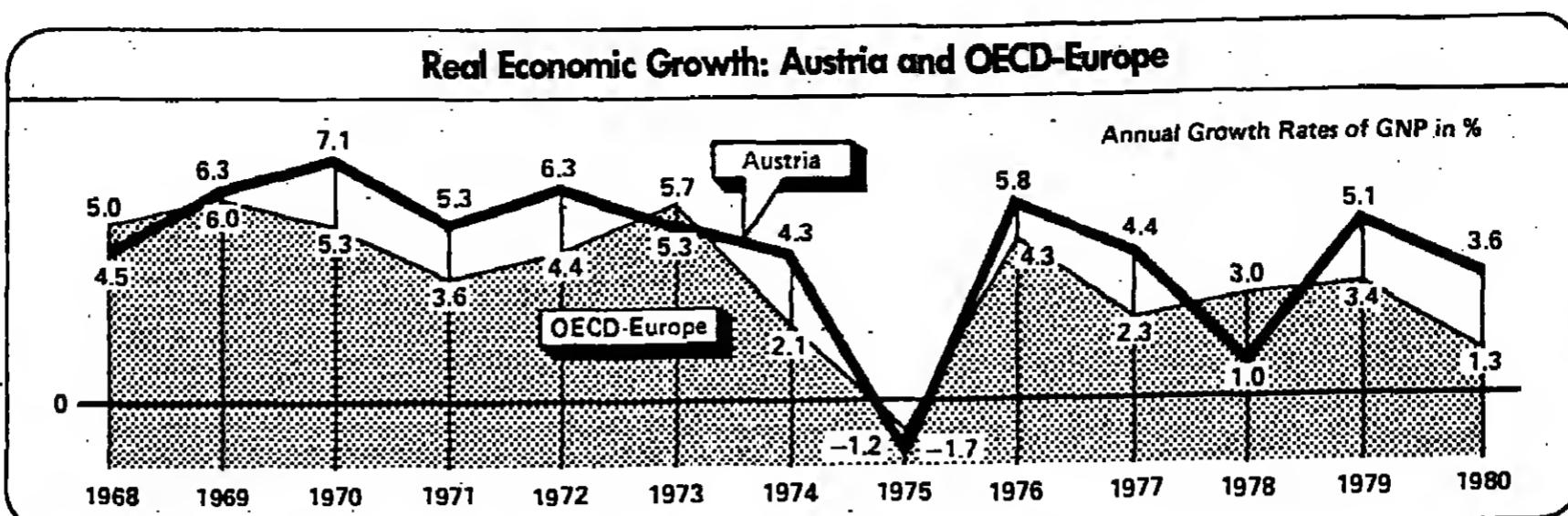
Key Positions

In Austria, it is the finance minister who plays the most decisive role in economic policy. And in the 1970s, this key position was held by the liberal Social Democrat Hartmut Androsch, who has a close intellectual and human relationship with the West German Chancellor Helmut Schmidt. As Mr. Kreisky's deputy, Mr. Androsch pointed the way to pragmatic solutions for the Austrian Socialist Party.

For years Mr. Kreisky and Mr. Androsch were a harmonizing political team. It broke apart for various reasons. Those who know the two personalities feel that the decisive factor was the great success of Mr. Androsch in economic policy, in the party and with the population.

The student had outgrown the mentor, and the party was faced with the question: "Kreisky or Androsch?" The decision was in favor of Mr. Kreisky.

Mr. Androsch was made director-general of the largest Austrian bank, Creditanstalt, and Herbert Selcher moved to the Ministry of Finance. Mr. Selcher has brought about the shift to the left. The previous large-scale and generous promotion of economic development has been condemned as wrong. In-



stead, the aim is for as much control as possible. "Selection" is the new motto.

Here is an example to illustrate the new course: Up to the end of 1980, the burden of high interest rates — oppressive even then — was alleviated by interest subsidies for capital investment. At the beginning of 1981, when interest rates were climbing to new highs, these broadly effective interest subsidies were discontinued and a 1-billion-schilling promotion plan with precise guidelines was launched. To define the proportions, it is worth noting that industrial capital expenditure in Austria must total about 35 to 40 billion schillings a year.

Austria's new economic policy is operating along similar lines in the construction sector. And it appears grotesque that the 1982 federal budget contains fewer funds earmarked for capital investment than that of 1981, although economic activity has declined considerably.

On top of that, the 1982 deficit, measured against the budget data, will increase by 20 percent from 50 billion to 60 billion schillings.

The larger deficit and lower public capital expenditure are also due to a shift of political accents to the left, as can be shown by a further example. Social security benefits have continued to increase over the last few years, yet the state's subsidies paid to the social security institutions have remained more or less at the same level, 25 billion schillings. In 1982, there will be a jump to 31 billion.

As is the case in most countries, social security costs account for a substantial share of the national budget deficit. This was also true in the 1970s and the 1960s. But the subsidies, which were already exorbitant, have been allowed to ex-

plore. At the same time, however, the finance minister states that he does not have any money at his disposal for tax relief or grants to the production sector.

Taxation of Enterprises

Moreover, taxation of enterprises is being tightened. A number of exemption provisions have been done away with, and tax auditing has been intensified. But this is happening in a stagnation period with a surge of bankruptcies still aggravated by pressure from the tax collectors.

Employees have been given a bonus in this situation — an income tax reform, which will mean modest monthly relief to the individual. The cost to the state will be 6 billion schillings.

It is interesting that last year only those two countries whose governments stimulated growth actually achieved attractive growth rates — Japan and France. Austria stagnated in 1981, as did most industrial countries.

When judging a country, one should not regard its economic policy as the sole decisive factor. Success is determined by the strength of the enterprises, as well as by the social climate. And, in this respect, Austria has a number of assets.

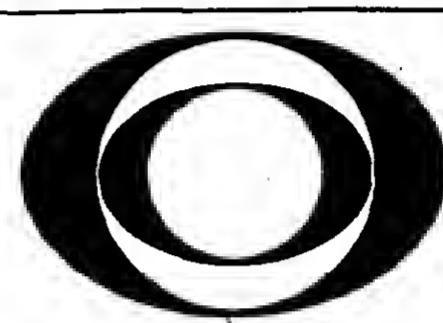
Cooperation

First, there is the close cooperation of the "social partners" (employers and employees). For more than 30 years, a combination has worked well that is unique throughout the world and through which social strife can be avoided for the most part. The visible sign of its success is the fact that there are virtually no strikes in Austria. This climate in the economic sector is also reflected in politics. The inevitable party disputes are al-

most notably oil — invoiced in dollars than exports, the rise in the dollar exchange rate prevented a spectacular improvement, which would have helped the easing of oil prices. Nevertheless, 16.2 billion schillings, with a gross national product of 1,000 billion schillings, is certainly not an alarming figure.

In contrast to previous years, the Austrian scene in 1982 is considerably changed. While economic policy is running out of control, the country is definitely capable of succeeding in the 1980s. It remains to be seen whether it will actually turn into "Paradise Lost" or whether the house can show itself in order again.

Ronald Barazon is the senior editor of Salzburger Nachrichten.



On the Air

VIENNA — In Austria, television and radio broadcasting are operated exclusively by the Oesterreichischer Rundfunk (ORF), a public corporation.

There are two full color television channels that operate 19 hours a day and three national FM/AM radio networks. But nine local radio stations and an English-language station in Vienna, the Blue Danube Radio, provide an additional 140 hours a day.

There is, in addition, an international radio that broadcasts a combined total of 28 hours daily in English, French, German and Spanish.

The ORF has a staff of approximately 3,200 and its annual budget is 4.2 billion schillings. Sixty percent of ORF revenues come from license fees and 40 percent from advertising.

— D.H.

Islam Center Is a Site for Discussion

Special to the IHT

VIENNA — Vienna's Islamic Center, which opened in 1979, explains Islam to non-Moslems and serves the Islamic community in Vienna. It is estimated that there are 50,000 Moslems in Austria, almost 20,000 of them in Vienna.

Financed by the Saudi Arabian, the religious and cultural center is administered by the 18 Islamic countries that have diplomatic representation in Austria through a foundation set up for that purpose.

Waissi Mahmud, the center's director, views the center as a meeting place for Moslems and a contact point for non-Moslems. It provides an opportunity to introduce Islam to the Austrian people in order to build a better cultural background between the Moslem religion and Christianity.

The center's architecture is simple and modest. Its wide central stairway is inviting and its windows are neatly ordered. A first impression of flatness is broken by the gently swelling dome that can barely be observed in the gloom before the eye is thrust toward a slender minaret.

Inside, a feeling of spaciousness is created by the bare walls and lack of furniture that force the eye to wander over lush carpeting.

The large mosque directly across the hall from a smaller one is a single room with a balcony. The large mosque, in contrast with the small one, is used for the communal Friday prayers led by the imam.

On weekdays there is no communal prayer, so the faithful pray at home or go to the small mosque. Only the words of God are represented in the place of worship, so the floor is covered with carpets and the walls with geometric patterns. There are no statues or paintings. A single chair stands near the Mimbar, the niche where the imam leads the prayers.

The center offers an opportunity for children to attend a school on weekends where they can learn their native Arabic, and about their religion.

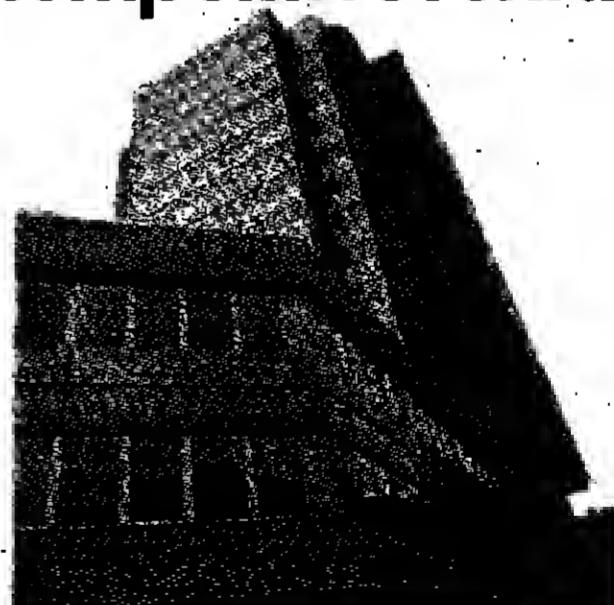
It is also a meeting place. Last year Wien International, an organization of foreigners living in Vienna, held a series of lectures, excursions, literary evenings and musical evenings, pointing up the influence of Islamic culture on the Austro-Hungarian Empire.



Oesterreichische Kontrollbank
Aktiengesellschaft

A-1011 Wien, Am Hof 4, Tel. (0 22 2) 66 27-0
Agent of the Republic of Austria for the
Administration of Export Credit Guarantees
Offices in Bregenz, Graz, Linz and Vienna
□ Export Financing □ Money Market Operations
□ Organization and Administration
of Public Domestic Bond Issues □ Central
Depository for Securities □ Stock Exchange
Clearing

Probably the finest offices in Vienna. Available in units from 400sq.metres. at competitive rentals.



The Galaxie is constructed as part of Vienna's business centre.

It's not an office block on a vacant plot.

It's the concept of office planning taken to a new dimension.
A 16-storey building designed as an integral part of an ultra-modern complex which incorporates the underground system and Nestroyplatz U-bahn station.

The Galaxie dominates the business centre. It's finished to the highest international standards with underground parking for 220 cars.

Situated in an area alongside international companies like IBM, Rank Xerox, OPEC and the UNO City.

The majority of the building is already occupied by the Bank of America and Siemens. Office space is now available for companies who want to realize the opportunities that exist at Europe's traditional and rapidly-developing East/West trade-crossroads city.

All enquiries to Peter Cope The Oldham Estate Company Ltd., 7 Cleveland Row, St. James's, London SW1A 1DB Telephone 01-930 6631 Telex 919377

The Galaxie
Nestroyplatz, Praterstrasse 31



JO 11.6.15.5

Focus on
Austria



The village of Traunkirchen, nestled beside a lake in the Salzkammergut district.



Hoellen-Gebirge range in the Salzkammergut forms the backdrop for a rustic scene.



Clock tower overlooks the picturesque city of Graz.

Tourism: The Problem Is Deciding Where to Begin

VIENNA — The campaign to attract visitors to Austria, with its mountains and lakes, food and wine, festivals and exhibitions, starts on New Year's Day and goes through all the seasons without a break.

When hundreds of millions of TV viewers throughout the world are watching the Vienna Dynasty concert given by the Vienna Philharmonic, conducted by Lorin Maazel, or the equally popular Springfestival show by the Vienna Symphony, conducted by Gennadi Rozhdestvenskij, the intervening shots of Schoenbrunn Palace or of the sunny banks of the Danube evoke sights from even the most hardened, seen-it-all globetrotter. And for sports enthusiasts, much the same sort of response can be expected when the Austrian Formula 1 Grand Prix event in Zeltweg, or the first of the season's ski races flashes over the screen straight from the Tyrolean Alps.

Tourism is trumps in Austria, where a large part of the trade deficit is offset by money from foreign visitors — over 14 million of them every year, twice the size of the actual population. Economists and ecologists never cease worrying about the effects of the annual invasion. Industry and agriculture both do well, despite ups and downs. The vacation business is marked by constant growth.

Seen from the incoming tourist, the problem is to know where to head for when arriving by road, rail, air or water (you can actually sail in from West Germany on comfortable river cruisers run by

the DDSG (Danube Steamship Company). It is a good thing to make up your mind in advance because once you are here the choice is positively bewildering, and made worse by the fact that each of the nine provinces of Austria handles its own publicity on a competitive basis.

Accommodations

Broadly speaking, there is something to suit every pocketbook. There are enough super-luxury hotels (several of them in palaces and castles), to answer the needs of the money-is-no-object jet-setter in all corners of the country. The hardened international traveler, who likes his standard comforts, can find perfectly impersonal tower-block honeycomb havens in Vienna, Linz, Salzburg and Innsbruck as well as, soon, in Graz.

The level of cleanliness and comfort in country inns and pensions, generally at a price which is unbeatable when translated into dollars or pounds, is uniformly high. And for thrifty family holidays, farmhouse accommodations (often in self-contained apartments) are booming, with the area of Lower Austria (surrounding the capital) being the best bargain.

In a category of their own are the traditional resorts offering health or spa facilities. Spot them more often than not, by the word "bad" prefixed to their name. "Taking the waters," in the broad sense, is still popular even though, or perhaps because, the Palm Court image of the *Kurort* has changed.

Bedenstein, where Chancellor Bruno Kretschmer spent his Christmas

and year-end holiday, is now a thriving winter-sports center.

The invigorating thermal-water treatment and massage mix well, it seems, with *Schuss* and *apres-ski* activities. Badgastein, this past winter, had an outstanding 10-percent increase in visitors, although the previous season was also a record. The fact that Middle Eastern potentates have latched onto the 1,080-meter-high town's attractions (including a casino) may have something to do with these statistics.

Other Attractions

Less sophisticated, but steeped in history, is Bad Ischl at the heart of the Salzkammergut mountain-lake district. Here Emperor Franz Joseph spent his summer vacation for 60 consecutive years. His hunting lodge, the Kaiserburg, can still be viewed. If you are lucky, you might even be shown around by the Hapsburg emperor's great-grandson, the present owner.

And if you are looking for another reason to visit Ischl, try Zanner, probably the most exclusive pastry shop in Austria, not excluding rival establishments in Vienna. Zanner, once "by appointment" to the imperial court, is currently celebrating 150 years of service to sweet-toothed visitors.

Its very own brand of *stollen*, a crunchy, chocolate-and-custard concoction, and its delicious cream cakes — 200 varieties of the pastry cook's art in all — can easily induce the most ardent dieters to abandon their principles for a while.

Perhaps the next stop should

then be Wörthersee Villach, a regular haunt for maestro Leonard Bernstein, where the attraction is not only the super-abundant springs but the courses of "biotraining" coupled with *Naturküche*. This is the Austrian answer (now available in 17 chosen resorts) to *nouvelle cuisine* with organic foods, no fatty cooking, honey for sweetening instead of refined sugar, and mainly protein and fish in place of meat.

This is not to say that conventional fare gets short shrift. On the contrary. The Gaul-Millau gourmet guide to Austria lists no fewer than 650 selected establishments. Although the often-witty comments in the 1982 edition are only in German, a study of the symbols (identical with G-M guides for London, Paris, France, etc.) will ensure a good meal at a known price.

Chamber music buffs can take their pick of the Lockenhäusl Festival (with violinist Gidon Kremer) and, for example, the Carinthian Summer (based in Ossiach) with leading guest ensembles from all parts of Europe as well as the Cleveland Quartet from the United States.

If usually reliable sources are to be believed, then a new factor will soon emerge in the Austrian restaurant field. The Casino Society, which operates 10 gaming establishments in various parts of the country (including a new one in the city of Linz), is now entering the catering business in a big way as an added inducement to would-be gamblers. The new ambivalent motto is: "Why not come and sit at our table!"

It is only fair to add that the Austrian casinos (state-controlled) maintain a highly respectable image. Their aim is to provide an evening's entertainment at a cost comparable to that of a good opera ticket.

For anyone who knows Austria, it is clear that music in its various forms constitutes the prime attraction this year as in the past. Haydn is the big name in 1982, but Mozart comes into his own, as usual, during the summer festival in Salzburg, which features "The Magic Flute," conducted by James Levine and "Così Fan Tutte," conducted by Riccardo Muti. The concurrent Bregenz Festival will be mounting "The Gypsy Baron," by Strauss, on the Lake Constance stage, and Donizetti's "Lucia di Lammermoor" in the Festival Theatre.

Chamber music buffs can take their pick of the Lockenhäusl Festival (with violinist Gidon Kremer) and, for example, the Carinthian Summer (based in Ossiach) with leading guest ensembles from all parts of Europe as well as the Cleveland Quartet from the United States.

Art and history are intermingled in the main exhibitions announced for the summer and autumn season. The 1,500th anniversary of the death of St. Severin is being marked in Enns, Upper Austria, with a show illustrating the achievements of this extraordinary personality. Krems, in Lower Austria, is putting together what promises to be a unique exhibition devoted to "Francis of Assisi" on the 800th anniversary of his birth.

And for real connoisseurs, the National Library in Vienna is demonstrating 500 years of book printing in Austria with many precious examples from its renowned store of incunabula.

— DAVID HERMGES

Pastry: Knowing When to Stop

By Mark J. Kurlansky

IN VIENNA, capital of the old Empire, where history and geography have converged to create intrigue and secrecy about almost everything, there is a safe that contains 250 cookie recipes and about 55 cake and pastry recipes.

They are the exclusive property of Demel, a 130-year-old establishment that caters state and society affairs (such as the annual opera ball) makes a light cream torte with a hazelnut crust under it and good bitter chocolate on top.

Pastry in Vienna is found in a *Konditorei*, a place to read a newspaper or meet over a cup of coffee and a pastry or a variety of canapes and cold plates. The 193-year-old Demel, in its elegant

of course, as everyone knows, there are spies in Vienna and pastry ideas get around. Though the Sacher hotel still guards the original recipe, the *Sacher torte* has been stolen and imitated by everyone (including Demel). Certain traditional pastries such as apple strudel and *Punschtorte* (a rum cake) are made everywhere.

Gerstner, a 130-year-old establishment that does not guard its secrets is probably the best pastry city in the world. Demel is acknowledged as the best house. Try as iconoclasts may to topple its standing, there seems to be nothing equal.

Pastry in Vienna is found in a *Konditorei*, a place to read a newspaper or meet over a cup of coffee and a pastry or a variety of canapes and cold plates. The 193-year-old Demel, in its elegant

In Vienna, you don't have to look far to find a choice selection of the best...

rooms of wooden paneling, mirrors and chandeliers, is, in typical Viennese fashion, said to be "much more than a *Konditorei*" (just as the Staatsoper is said to be more than an opera and Sacher

Tradition counts for a lot in Vienna, and Demel is one of the bastions of it. The waitresses have through the eras created their own grammatical form of German, a kind of neither third person, to avoid insulting unrecognized royalty who might drift in. Today, new employees are still trained in *Demelsprache*.

The pastry itself is what built the reputation. Some are found nowhere else, such as the *Frigilite* (two hazelnut wafers sandwiching a nut cream) or various tortes, which still bear the names of the royalty for whom they were created. The *Dorni Torte*, for example, named after a Baron Dorni, is a shell of cake filled with a chocolate mousse that would be unbearably rich if it were not so light.

Some addresses in Vienna: Demel, Kohlmarkt 14; Oberlaa, Kurhausstrasse 10; Gerstner, Karntnerstrasse 11-15; Lehmann, Graben 12; L. Heiner, Wolzgasse 9 and Karnerstrasse 21-23; Stuka, Rathausplatz 8.

With Creditanstalt, the greater the challenge, the readier our response.



White plays and mates in 4 moves

Our long banking experience puts us in an excellent position to tackle the most complex problems — and come up with swift answers.

The way we tackle them is based on a simple philosophy: whatever the size or type of business, we provide the same high standard of fast, efficient service tailored to our clients' needs.

Creditanstalt is Austria's premier domestic bank, with 90 of the country's top 100 companies among our customers. Last year the CA Banking Group supplied approximately 25% of the total loans made to Austrian industry; we arranged over 40% of all export financing — evidence of our commitment to providing the best in Austrian banking.

It's natural that the country's leading domestic bank should extend its services — and employ its experience in the area of international finance. And no less natural that it has become a leader in this field, too. Today, one third of



Creditanstalt
Austria's leading international bank

Creditanstalt-Bankverein, Schottengasse 6, A-1010 Vienna. Telephone: (0222) 6622-2560. Telex: 133030. London Branch: 29 Gresham Street, London EC2V 7AH. Telephone: 01-726 4511. Telex: 8894612.

Creditanstalt's business is international.

Our services are given extra muscle by our direct presence in London, Buenos Aires and Budapest, by our involvement in international joint ventures and our membership of EBIC. In fact, Creditanstalt can offer you access to every important financial centre.

Whether your needs involve foreign exchange, specialised non-recourse export financing, advice on international trade, Euromarket financing or portfolio management, you can be assured of a consistently high standard of service and expertise.

For the answer to your financial problems — or the solution to the puzzle above — contact Creditanstalt. We'll respond readily.

Focus on Austria

Low-Tar-Cigarette Drive Is in High Gear

By David Blow

VIENNA — The Austria Tabakwerke will be celebrating its bicentennial in 1984. The state monopoly was set up by Habsburg Emperor Joseph II two years before Mozart completed the "Marriage of Figaro" and is the oldest surviving tobacco company in Europe.

The uncertainty that hangs over the tobacco industry generally is barely discernible at Austria Tabakwerke, which is preparing to enter its third century in a mood of quiet confidence.

It had a very good year in 1981 with turnover up 7.16 percent to a record 14.25 billion Austrian schillings and is also having increasing success in export markets, which is especially important in view of the relatively small size of the domestic market.

Much of this success is attributable to the company's concentration over the last 20 years on developing and marketing milder brands of cigarettes. It anticipated, earlier than most, the changeover to filter cigarettes and the priority it has given to promote these cigarettes is the reason why they now account for 96 percent of all cigarettes sold in Austria — the highest market share in Europe.

At the same time, the company has worked hard at reducing tar and nicotine levels while retaining the essential qualities that make



FANCY SMOKING
These 18th-century pipes are today valuable collector's items: man's head, a horse, and an Austrian cavalier with helmet.

smoking, for some at least, a pleasure.

Between 1960 and 1980, the tar level in the average Austrian cigarette was reduced by 57.8 percent and the nicotine level by 71.6 percent.

This effort is continuing and at this year's Autumn Trade Fair in Vienna, Austria Tabakwerke will launch the first of what it calls "the new generation of cigarettes." This will be a filter cigarette with

half the usual proportion of tar and nicotine.

About one-third of total production is exported. The star performer in the export markets is the brand known as Milde Sorte, which has become a best seller in many European countries. It is also produced, under license, in Japan and has just been launched into the market in Saudi Arabia and the Gulf States, where first re-

actions have been encouraging.

Marketing Importance

In Austria, the company's products are mostly marketed through concessionary tobacconist shops, which are easily identifiable through their familiar red-and-white Austria Tabak signs. The tobacconists enjoy a comparatively generous profit margin of 14 percent and a preference on concessions is traditionally given to inval-

In all, about 30,000 people in Austria depend on the Austria Tabakwerke for their livelihood. The majority are tobacconists and the rest include the company's own employees and, somewhat surprisingly, 440 Austrian tobacco farmers, although these supply only about 2 percent of the company's tobacco requirements.

This is an indication of the Austria Tabakwerke's importance to the economy. Its turnover also makes it the country's third largest industrial enterprise and it contributes as much as 6 percent of total tax revenues.

The government has moved cautiously in imposing measures to discourage smoking. In December, however, an interministerial agreement was drawn up which requires the Austria Tabakwerke to put a government health warning on all cigarette packets and advertisements by October of this year. The government resisted considerable pressure to abolish cigarette advertising. The agreement obliges the Austria Tabakwerke not to market any new cigarette with a tar content higher than 24 milligrams and to continue its policy of promoting mild cigarettes.

At the same time, the Austria Tabakwerke produced a new advertising code of its own, which imposed further restrictions. Among other things, the amount of advertising is to be limited and various kinds of advertisements likely to encourage the young to smoke are prohibited.

Diverse Activities

This sense of a wider social responsibility, if it can be called such, is also reflected in some of the Austria Tabakwerke's other activities. These range from the sponsorship of one of Austria's top soccer teams, Memphis (named after a cigarette brand), to the organizing and financing of an annual Schubert festival in Vienna, the popular Schubertade.

The Austria Tabakwerke has also created a fascinating tobacco museum, which a visitor to Vienna should not miss, if only to see the collection of ornate meerschaum pipes.

Airlines Are Small, But Are in The Black

VIENNA — It is no secret that only a handful of airlines are not operating in the red. Among the elite few in Europe is Austria's national carrier, Austrian Airlines, small but efficient. A glance at its latest balance sheet shows an overall annual turnover that is roughly equivalent to the loss incurred over the same period by British Airways or, in one-third of that time, by Pan Am. The result, in 1981, was a modest but welcomed profit for the 11th year in succession for the Austrian state from the fleet of DC-9 passenger jets which carry the red-white-red colors of Austria all over Europe (east as well as west) and to many parts of the Middle East and North Africa.

Austrian Airlines has been flying McDonnell Douglas aircraft since 1971 and is in the process of replacing its original DC-9 32s with the latest DC-9 Super 80s, which have a larger seating capacity and are considerably more economical with fuel. This re-equipping — with a total of ten 135-seat jets, should be completed by 1984, and the first of two European Airbus A-310s (seating 212 passengers each) should be delivered to Austrian Airlines by this time also.

Careful Planning

The youthful managers of Austrian Airlines make no secret about their dedication to reducing costs while increasing services and maintaining safety standards.

Their operational efficiency comes from a carefully planned business strategy that is forcefully implemented. In these days of rocketing aviation-fuel prices, of course, stringent fuel economy is essential.

Even on the original Austrian Airway jets, weight-cutting modifications and better-balanced loadings have been used to reduce consumption. Flying at higher altitudes, and more slowly, also helps and (with computer-aided navigation) saves time. Parallel purchasing arrangements with Swissair (another of Europe's profit-making carriers) and joint-servicing facilities are proving beneficial to both the central European neutrals.

Austrian Airlines has been careful, not to say restrictive, in the choice of the routes it operates. For the most part, they include only single-stop destinations in Europe timed to suit business people with tight there-and-back-in-a-day schedules. And this full-fare clientele is also the reason for its insistence on maintaining first-class facilities on regular lines, although never at the expense of tourist or APEX-class passengers who continue to be given normal on-board facilities, including food from its catering subsidiary, Airstar, with its base at Vienna's international airport.

Diverse Activities

From Vienna-Schwechat there are scheduled flights to 42 cities, including four destinations in Austria (Graz, Klagenfurt, Linz and Salzburg). During the last year, overseas additions have included Dhahran, Malta and Tripoli, Libya. No new lines are foreseen for 1982. There are, however, fairly constant changes being made in regular charter flights — with



One of Austrian Airlines' new DC-9 Super 80s is used on a new flight to Mombasa, Kenya.

Tyrolean Airways uses De Havilland Dash-7s for routes over the Alps.



Driving champion Niki Lauda is also a pilot for his own enterprise, Lauda Air.

Mombasa, Kenya, for example, introduced in 1981 on a once-weekly basis, including a stopover in Aswan, Egypt.

Austrian Airways policy paid off in 1981 with the highest-ever annual increase (10 percent) in sold passenger-kilometers, and an absolute rise of 6 percent in the number of passengers.

Even more sensational growth rates have been registered by an independent operator, Tyrolean Airways, which started scheduled services out of Innsbruck in April, 1980, after the installation there of the most modern instrument-landing system.

By December, 1981, 100,000 passengers had used the service, which includes three daily weekday flights to Vienna and one to Zurich. A popular recent introduction has been the 10 weekly return flights to Frankfurt, providing a

unique connection for Austrian business people with northern Germany and for West German vacationers with the Alpine holiday area of Tirol and South Tirol, Italy.

Tyrolean Airways operates these services with two De Havilland (Canada) Dash-7 four-engine turboprops, seating up to 50 passengers and needing only a 300-meter runway for takeoff. Even in harsh winter conditions, such as experienced this year, less than 1 percent of all flights had to be canceled or diverted from Innsbruck, a factor which compares favorably with Europe's big airports. In Frankfurt, Tyrolean Airways was cited, in 1981, as one of the three most punctual airlines using the Rhine-Main facilities.

For those with an urge for the unusual — and no shortage of cash — Tyrolean Airways can also provide helicopter trips to mountain destinations on a taxi-basis, summer and winter.

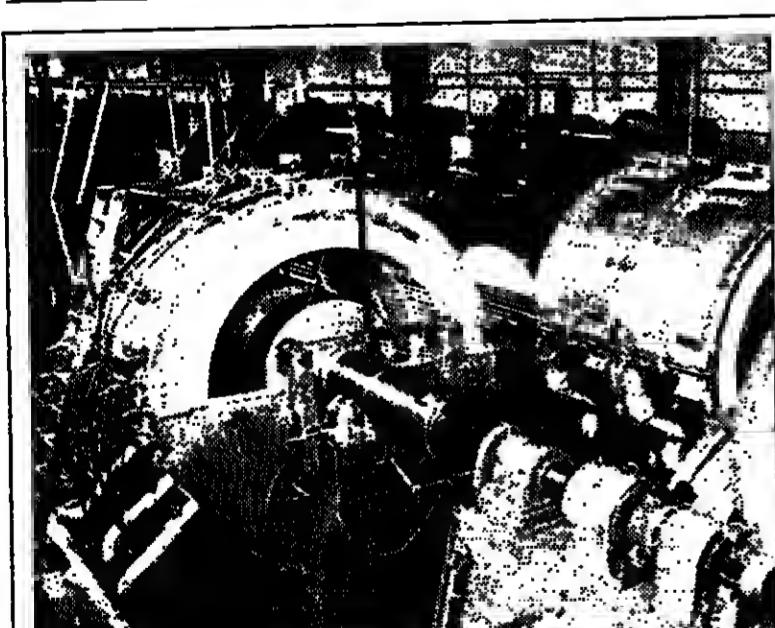
On a somewhat smaller scale, the private Lauda Air (established in Vienna since May, 1980, after opening a year earlier in Salzburg), operates charter flights, using Fokker F-27 (44-seat) Friendship aircraft, mainly for travel agencies and private customers such as industrial concerns and banks.

Regular destinations include Budapest, Munich and Venice, short hauls that would not call for renting a DC-9 but for which full service is nevertheless required. And one of the attractions may be that Niki Lauda, the company's owner, is often at the controls, although now that he is back on the Grand Prix circuit it is more likely to be one of his other 10 pilots.

— DAVID HERMES

"The challenge of banking in the eighties is a challenge of greater participation and constructive adaption. We need banks with a will to change. The more difficult the political and economic environment becomes it will be more important that banking should offer a sound, adaptive, innovative contribution to help master the difficulties."

DIE ERSTE FIRST AUSTRIAN BANK founded 1819
Österreichische Sparkasse



The international Austrians

To feel at home in foreign markets, in more than 100 countries of the world, means both an obligation and challenge for us. That is the reason, why two thirds of our turnover is achieved in foreign countries.

We are prepared to make contacts wherever we are needed and no place in the world is too remote. Because of our extensive network of offices and bases, we are always close at hand.

We are a group of companies with diversified production and delivery interests in heavy engineering and capital goods industries.

Our comprehensive consulting and other services, the result of intensive research and development, plus the proven technology of our products, has brought recognition and success in all parts of the world.

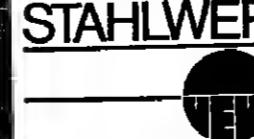
Our production program ranges from commercial quality rolled

steel to the super-alloy special steels, in several hundred specifications, forgings and castings, heavy and serial produced machine tools, steel and engineering products, port handling facilities, production systems, oil field equipment, energy technology, rock drilling and pneumatic tools, medical equipment and completed industrial plants.

The VOEST-ALPINE Group, in the right place at the right time

VOEST-ALPINE

Ein Unternehmen der VOEST-ALPINE GRUPPE
VEREINIGTE EDELSTAHLWERKE AG.



Focus on Austria

Industry: Finding New Directions

LINZ/STEYR, Upper Austria — Heribert Apfalter, 56, the director-general of Austria's largest industrial concern, the nationalized **VOEST-Alpine** company, sees the challenge to Austrian industry today as finding new directions.

"If we are not to shrivel up, then we must strike out along new lines, and these should point the way to the future," he said.

His iron and steel combine — giant by Austrian standards — has a work force of 76,000, about one-third in the main plant at Linz on the Danube.

With the profit from steel sales dwindling, Mr. Apfalter has presided over the gradual transformation of **VOEST** into a company with international links since taking over its management five years ago. It had become "simply too big for Austria alone," he said.

With the difficulties of 1981 behind him, Mr. Apfalter is confident that **VOEST-Alpine** will reach the break-even point this year and should start to show a profit beginning in 1983.

In fact, the company has just announced that it has signed a \$590-million contract to act as the general contractor for a plant to produce wire and rolled metal in Soviet Byelorussia. The plant is to be completed in 1984.

Among his problems last year was having to pay an additional 2 billion Austrian schillings for raw materials and replacement coal because of a serious shortfall in deliveries from Poland.

The restructuring of **VOEST**, including a manpower reduction of 9,000 through not replacing normal departures and shutting down 30 uneconomical plants, necessi-

tzation that only by speeding up the introduction of new technology can fresh export markets be unlocked to bring in foreign currency for putting the trade balance in order.

One manifestation of this determination to revitalize the industrial structure has been the creation this year of a small group within OelAG (the holding company for nationalized industries).

Called Industrial Cooperation and Development/Austria, the group has been given the task of identifying available technological resources within Austria and the types of foreign investments that may best utilize these resources.

It will also target new ventures in future-oriented and growing-industry segments. The ICD/A team sees its immediate mission as "selling" Austria, especially in the United States and Japan, for what it really is (although this is too often overlooked, even by the Austrian themselves): A stable, neutral country in the heart of Europe, with immediate access to a market of 370 million, and a country where production costs average out, for example, one-third lower than in West Germany.

ICD/A is putting together an incentive package for foreign investors, pointing out the high-level of technical know-how in Austria, the low inflation rate, the virtual absence of strikes and the fact that 80 percent of all Austrians are taught English starting at the age of 10.

Symptomatic of this new image of the Austrian technical-industrial landscape is the incursion of **VOEST-Alpine** into the electronics field. An earlier similar assessment in the 1960s was all but ignored. This time, the findings have been taken to heart. That is not so much because of the desire to combat unemployment — although that continues to take high priority in the view of the Socialist government — but rather because of the real-



The Steyr-Mannlicher Model M rifle in action.



The VOEST-Alpine steel plant spreads out near the Danube, in Linz.



Heribert Apfalter

tated an investment of 20 billion schillings.

Last year, the books could only be balanced by turning to the state for structural aid, which was granted in an unusual show of solidarity between Chancellor Bruno Kreisky and the opposition leader, Alois Mock.

Need for Change

The essential need for change in Austrian industry was highlighted again last year in a report submitted by the New York technology and management consultants, Booz, Allen and Hamilton.

An earlier, similar assessment in the 1960s was all but ignored. This time, the findings have been taken to heart. That is not so much because of the desire to combat unemployment — although that continues to take high priority in the view of the Socialist government — but rather because of the real-

worldwide study had been carried out to find suitable partners.

The first result was cooperation with IBM-Europe for the production under contract of multilayer semiconductors. This will bring in business, when production is geared up to full capacity, of 500 million schillings annually.

Even more promising is the latest enterprise in conjunction with American Microsystems Inc. (AMI, which is also the acronym for the new joint venture, Austria Microsystems International).

This will take the form of a production plant for computer-related microchips, or large-scale integrated circuits. The emphasis will be on customer-specific circuits, rather than the standard chips.

In the planned AMI plant, to be located in an old castle near Graz, more than 300 engineers and other personnel will be employed. The goal is annual sales amounting to \$20 million to \$30 million for the

whole European AMI network through the Austrian subsidiary.

Mr. Apfalter sees this as healthy competition for the other electronic chip producer here, Siemens-Austria, with a plant near Villach, Carinthia. The situation could be complicated, however, if a third producer tries to join the market.

There are signs that the nationalized Austrian Mineral-Oil Administration, OeMV, is interested in chipping into the electronic boom.

In any case, **VOEST-Alpine**, 65 percent of whose turnover before the steel crisis was accounted for by ferrous products, has now brought the proportion down to below 50 percent and aims at reducing this further, to 35 percent.

Among the other new **VOEST** products pointing the way to the future is Moviecam, a 35-mm professional film camera, with features such as an integrated video

camera and an extremely low noise level.

Other, traditional **VOEST** lines continue to do well.

The Industrial Plant Construction Branch has been especially successful, with 50 billion schillings worth of orders on hand at the end of January.

Mr. Apfalter would like a degree of stability to take place here, since turnover has doubled within three years and this has made certain organizational adjustments imperative.

However, he will have to move swiftly because **VOEST** is likely to be entrusted with completing the construction of the giant Vienna General Hospital, a 40-billion schilling project that has for months been at the center of a bribery scandal whose fallout has reached into some unlikely quarters.

Also based in Upper Austria is the country's largest and oldest in-

dustrial group within the private sector, Steyr-Daimler-Puch.

That group has retained its stylized rifle-range target emblem as the parent company's logo. Fire-arms of all kinds have been produced for centuries in the town of Steyr.

Today's successful products include the 5.56x223 AUG Universal Army Rifle, and the 9-mm Parabellum submachine gun, with a new gas-delayed blowback-action pistol of the same caliber just about to be added to the range.

These are in addition to the Steyr-Mannlicher hunting and sporting rifles that are sold in Europe and North America.

One SDP executive said, however, that the weapons and military sector now accounts for only 15 to 25 percent of production and the company is anxious not to allow it to exceed this within the next decade.

Only last year SDP ran up

against considerable public opposition for its plans to export Kuerassier light tanks to some South American countries.

Steyr-Daimler-Puch's also makes all-terrain vehicles headed by the Pinzgauer multipurpose truck, to which has recently been added the Puch "G" cross-country car with four-wheel drive.

Developed originally in conjunction with Mercedes-Benz, the "G" is actually made in Graz, although it is sold in the United States under the name Mercedes "G."

Another joint venture, with West German automobile firm BMW, for the production of light diesel engines (with additional sales to Ford-U.S.), collapsed.

Hopes are high, though, for cooperation with Volkswagen for a four-wheel-drive transporter. In any case, Steyr-Daimler-Puch believes its future lies in the four-wheel sector.

—DAVID HERMIGES

Wine: Ancient Viennese Tradition Flourishes Despite the Inroads of Time

VIENNA, first named Vindobona ("good wine") by the Romans, has been producing its namesake for at least 2,500 years. With more than 1,600 acres of vineyards, Vienna is still considered an important, although not the smallest, Austrian wine region.

Viennese wine is mostly white. Typically, it is a delicate dry wine, somewhat strong (about 12 percent alcohol), with the slightest touch of effervescence. The main grape, as in much of Austria, is *Gruener Veltliner*. There is also a lot of *Rheinriesling*, *Weisser Burgunder*, *Traminer* and *Mueller Thurgau*. There is a small production of red wines from *Blauer Burgunder* and *St. Laurent* grapes. In recent years the Viennese vintners have been experimenting with a study, more full-bodied red called *Zweigelt*.

By tradition as much as necessity, Viennese wines are drunk young. Some of the grapes such as *Gruener Veltliner* and *Mueller Thurgau* are thought not to have much staying power. But only about 10 percent of Viennese wine ever gets bottled. This is because of a tradition, dating to the time of Charlemagne, of growers selling their own wine by the mug. When the wine is for sale, a bush is hung in front of the establishment. A large part of the wine is sold before maturing in the first few weeks following the harvest (October to early November). This new wine is called *Heuriger*, which has also become the name of the grower-owned house where it is sold.

Heuriger, traditionally found only in the wine-producing centers in and around Vienna, have become increasingly popular over the centuries. In empire days, royalty liked to go

summing at *Heurigen*, probably the beginning of a commercialization process that today results in bus tours descending for an evening on certain of the larger ones. This is particularly true in Grinzing, one of the wine villages that has become incorporated into the city limits of Vienna. Other towns noted for *Heurigen* include Nußdorf, Sievering and Stammersdorf. The locals tend to avoid the larger establishments that cater to tourists, but the idea in all of the *Heurigen* is a warm, woody, country atmosphere, zithers and *Schrammel* music, and local sausages, hams and other cold plates. Some of the smaller growers still stay close to the original idea by just inviting friends to their cellar to tap a barrel and eat some sausages.

True *Heuriger* wine, which is notorious for its intoxicating power, is finished by Nov. 11.

But they continue to serve *alter* (old) wine in the customary glass *mugs* through most of the year.

Since the end of World War II, Viennese wine production has become endangered by the encroachment of urbanization. According to Franz Hengl, whose family has been producing Grinzing since 1137, there were 125 growers in Grinzing 25 years ago. Today there are 20. The town, which used to consist entirely of wine growers, has seen 500 new houses constructed since 1955. Growers have been selling land for attractive prices.

Mr. Hengl has formed a group that is trying to buy all the Grinzing land as it becomes available to keep it as vineyards. They are also regularly engaged in court battles with developers and real estate speculators. "The

project is costing a lot of money but the Grinzinger people will win," he asserts.

Funds are raised by offering one square meter with one vine for 3,000 schillings (about \$180). This entitles the owner to a half-liter of wine per year. The land can never be sold or used for any other purposes. Vines are owned by Jimmy Carter and Leonid Brezhnev (a gift during the 1979 SALT talks), Sophia Loren, Leonard Bernstein and other celebrities that Herr Hengl has found passing through Grinzing.

Heuriger are not difficult to find. There are 20 in Grinzing and even more in Stammersdorf and Nußdorf. The Vienna Tourist Board (Kinderspitalgasse 5 A-1095 Vienna) prints an extensive list of addresses. Finding the bottled wine is more difficult. Very little is exported, and most of that which goes to Germany,

Switzerland and Luxembourg. Two of the more respected bottlers are Franz Mayer and Feuerwehr-Wagner, whose vineyards and *Heurigen* are in Nußdorf.

The Austrian government guarantees the quality and authenticity of wines with the *Weingutzeichen Österreich* (Austrian wine seal) and number for quality wines and the *Wein aus Österreich* (wine of Austria) seal for table wines.

These seals, with a picture of a red goblet, should appear on the neck of the bottle, although this is more important to buyers abroad than to those in Vienna. There is also a numbered *Wiener Weinstiegel* (Vienna wine seal) on some bottles. Viennese labeling usually indicates the varietal name of the wine and the house.

—MARK J. KURLANSKY

75 Years of the "Zentralsparkasse und Kommerzialbank" in Vienna.

The role of the Zentralsparkasse as a bank for everyone and a savings bank for all is closely connected with the City of Vienna. The Zentralsparkasse caters to not only every saver and investor, but very much to trade, small business and industry as well. The economic prosperity in Vienna following the Second World War is closely tied to this "home bank" of the Viennese.

Today Vienna is a meeting place for international diplomacy. It is the center for East-West trade. A stable social and political climate offers safe international money and financial services. Due to its size, the Zentralsparkasse offers a well developed worldwide correspondence network and arranges the contacts so important for business.

To mark the occasion of the 75th anniversary the "Issues of the Eighties" Symposium will be held in March of this year. Materials on the Symposium may be sent for by filling out the coupon below.

Head office: A-1030 Vienna, Vordere Zollamtsstraße 13, Telephone 72 92 0, 72 91 0, Telex 13 3167, 23 3256, 13 2476

London Representative Office: GB-London E.C. 3, 85 Gracechurch Street, Telephone 621 1522, Telex 895 2504 ZBANK G

Milan Representative Office: I-20121 Milan, Corso Venezia 5, Telephone 78 3160, 79 6609, Telex 53 48 04 Z-bankmi

75th
anniversary

ZENTRALSPARKASSE
UND KOMMERZIALBANK WIEN



Please send me the booklet on the "Issues of the Eighties".
Name: _____
Address: _____
Please send to: **ZENTRALSPARKASSE
UND KOMMERZIALBANK
Vordere Zollamtsstr. 13
A-1030 Vienna
Austria**

Everywhere you will find an **AUSTRIAN** TRADE COMMISSIONER within easy reach

ALGERIA-ALGIERS 1, Rue de la Victoire Dr. Heinz Koenig	COREA-KOSEN 1, Wondong Park Gate Dr. Gottlieb Rieger	INDIA-KARACHI Jabid Avenue Mr. Herbert Reiter	INDONESIA-JAKARTA Mr. Agus Djajakusuma Mr. Harry Werner
EGYPT-CHELSI 479, Avenue Louis Dr. Hans Koenig	EGYPT-CHELSI 43a, 3rd September Street, Dr. Peter Fetz	EGYPT-CHELSI Khalid Al Attar 16 Dr. Leopold Wagner	EGYPT-CHELSI Khalid Al Attar 16 Dr. Leopold Wagner
FRANCE-PARIS 16, Avenue des Champs-Élysées 12 Dr. Heinrich Koenig	FRANCE-PARIS 43a, Avenue Louis Dr. Peter Fetz	FRANCE-PARIS 16, Avenue des Champs-Élysées 12 Dr. Heinrich Koenig	FRANCE-PARIS 43a, Avenue Louis Dr. Peter Fetz
GERMANY-BERLIN Reichstag Platz 12 Dr. Heinrich Koenig	GERMANY-BERLIN Reichstag Platz 12 Dr. Heinrich Koenig	GERMANY-BERLIN Reichstag Platz 12 Dr. Heinrich Koenig	GERMANY-BERLIN Reichstag Platz 12 Dr. Heinrich Koenig
GERMANY-BONN Bonn-Bad Godesberg 22 Dr. Alfred Wagner	GERMANY-BONN Bonn-Bad Godesberg 22 Dr. Alfred Wagner	GERMANY-BONN Bonn-Bad Godesberg 22 Dr. Alfred Wagner	GERMANY-BONN Bonn-Bad Godesberg 22 Dr. Alfred Wagner
GERMANY-BREMEN Bremen 10 Dr. Heinrich Koenig	GERMANY-BREMEN Bremen 10 Dr. Heinrich Koenig	GERMANY-BREMEN Bremen 10 Dr. Heinrich Koenig	GERMANY-BREMEN Bremen 10 Dr. Heinrich Koenig
GERMANY-DUSSELDORF Düsseldorf 10 Dr. Heinrich Koenig	GERMANY-DUSSELDORF Düsseldorf 10 Dr. Heinrich Koenig	GERMANY-DUSSELDORF Düsseldorf 10 Dr. Heinrich Koenig	GERMANY-DUSSELDORF Düsseldorf 10 Dr. Heinrich Koenig
GERMANY-FRANKFURT Frankfurt am Main 22 Dr. Alfred Wagner	GERMANY-FRANKFURT Frankfurt am Main 22 Dr		

Focus on Austria

Economic Situation Worrisome to Bankers

(Continued from Page 7S)
No. 1 bank for many Arab countries."

Equally cautious about taking any unnecessary risks abroad in the money sector is Karl Pahl, chairman of Girozentrale (GZ), which is Austria's second-largest banking institution and which concentrates on large-scale financing. As he sees it, foreign business should be channeled for the most part through banks with the necessary experience and involvement abroad.

GZ, for instance, has a full branch in London that can cope with all business. At the same time, Mr. Pahl is somewhat critical of the growing involvement in domestic banking of several institutions that were conceived with other aims in mind such as Österreichische Kontrollbank and its subsidiary Investitionskredit, through which domestic bond issues are made, since there is simply no room on the Austrian market for so many large institutions.

A Different View

Helmut Haschek, chairman of Österreichische Kontrollbank (OKB), which acts as the sole agent of the Republic of Austria in the field of export guarantees and whose assets have swelled at a phenomenal rate — 25 percent in 1981 alone — sees things differently.

"We have always tried, he says, to reserve the domestic market for borrowers who do not create foreign exchange-earning assets. And so we have shifted our main lending abroad."

And Mr. Haschek points out that OKB has been successful in financing a diversified portfolio of assets originating from export activities, using them as collateral to borrow abroad.

It was OKB, for instance, that floated the first Yankee bond zero-coupon issue (in the middle of last year) and "it is performing beautifully."

Relaxed Outlook

An equally relaxed view is taken by Hans Haumer, the forward-looking director general of the country's oldest banking institution, First Austrian (founded in 1819).

His bank has survived so many crises (such as those of 1873, 1914-1918, 1929-1933), he insists, only by retaining a strong relationship with private customers, particularly in the Vienna metropolitan area, and advising them comprehensively on their financial affairs, seen as an intertwining whole with lifelong implications.

For this reason he is skeptical about a plan offered recently by Mr. Kreisky for rectifying state finances through the issuance of treasury bills in a manner attractive to the man in the street.

Mr. Hammer criticizes the idea as basically old-hat, and as detracting from the finite amount of capital available for traditional savings in long-term deposits.

"And, he adds, you surely do not expect the counter clerk at the post office or the tobacconist (who would sell these Kreisky bonds) to give you the same amount of advice about financing a flat or building up a retirement fund as you can rely on from a bank manager."

Catering almost exclusively to the financial needs of the rural population are the 2,400 banking offices of the Raiffeisen Organization, organized through the Genossenschaftliche Zentralbank (GZB), in an efficient network parallel to a system of agricultural credit cooperatives.

Together these finance two-thirds of all farming in Austria and constitute the most important backing for the tourist industry.

GZB chairman Hellmuth Klaubus is proud of the fact that his branches maintain an active banking presence in locations — alpine villages, for example — that other banks avoid because they are far from profitable. Furthermore, says Mr. Klaubus, "By acting responsibly in providing favorable credit terms the Raiffeisen banks make a not-inconsiderable contribution toward keeping interest rates down, thus enabling farms to enjoy the highest life-quality."

Finally, true to its policy of steering clear of politics and emphasizing the need for innovation all along the line, Zentralsparkasse und Kommerzialbank ("Z" for short) has just celebrated its 75th anniversary with a two-day symposium in Vienna devoted to "issues of the '80s" at which more than 1,000 bankers and economists heard leading experts from the United States, the Soviet Union, Western Europe, Latin America and the Middle East expound on "Economic and Social Strategy Options."

The presence of Chancellor Kreisky among the speakers at the "Z" symposium gave the cue for a "sensible" approach to international policies.

DAVID HERMGES is a British correspondent who has been based in Austria for many years.

DAVID BLOW is a free-lance journalist based in Vienna.

MARK J. KURLANSKY is a Paris-based free-lance journalist.

H.C. ROBBINS LANDON, an American musicologist, is a leading authority on Haydn.

nominal rate — 25 percent in 1981 alone — sees things differently.

"We have always tried, he says,

to reserve the domestic market for

borrowers who do not create for-

More Reading About Austria

VIENNA — A selection of titles of English-language books about Austria now in print:

- "Modern Austria," edited by Kurt Steiner. It includes contributions from leading authorities on all aspects of modern Austria. (SPOSS Inc., Palo Alto, 1981.)
- "The Example of Austria" — This is a government reference work that outlines developments of the first 25 years after the 1955 State Treaty. It includes documentary photographs. (Federal Press Service, Vienna.)
- "Michelin Guide Austria" — The French-published guide remains the most reliable guidebook to Austria.
- "Vienna," by Hans Weigel. A dry-humor approach to Austrian life. (Jugend und Volk, Vienna.)
- "The Dome Was My Teacher," by Joseph Wechsberg. A brief history of St. Stephen's Cathedral. (Herder, Vienna.)
- "Fin-de-Siecle Vienna," by Carl E. Schorske. A collection of essays, some of them brilliant, on politics and culture at the turn of the century. (Random House, New York.)
- "The Spanish Riding School," by Hans Handler. A must for lovers of this Viennese institution. Photographs by Erich Lessing. (Thames & Hudson, London.)
- "The Vienna Opera," by Marcel Prawy. A chatty, profusely illustrated coffee-table volume. (Molden, Vienna.)
- "Anthology of Modern Austrian Literature," edited by Adolf Opel. A selection of poetry and prose. Translations of the best writers since 1945. (International F.E.N. Books/Wolff, London.)
- "Last Waltz in Vienna," by George Clare. A semi-documentary that covers a family's declining fortunes from 1841 to 1942. (Macmillan, London.)

— Compiled by David Hermges

The modern world demands products which function perfectly, even under the very toughest conditions.

We manufacture those products.

Our export sales prove that wherever there is a need for absolutely uncompromising reliability, there you'll find Steyr-Daimler-Puch.

The trust our customers place in the fine reputation of Steyr-Daimler-Puch as specialists, is the very foundation of our success — throughout the world.

Steyr-Daimler-Puch AG

Trucks, tractors, farm machinery and implements, stationary- and replacement engines, bicycles, mopeds, all-terrain vehicles, buses for city- and intercity traffic, tracked vehicles, forestry machines and implements, antifriction bearings, hunting- and sporting rifles, military firearms.

85 Metro Way, Secaucus, N.J. 07094/USA
A-1010 Vienna, Kärntner Ring 7, Austria



....first edition in photo-composition!

T.E.A.M. (Top European Advertising Media) is an association of 14 leading European daily newspapers. Readers of T.E.A.M. papers enjoy high social status, a managerial income and a place among the socio-economic elite group. They rank among their countries' highest spenders.

Die Presse

Unabhängige Tageszeitung für Österreich

is Austria's only member of T.E.A.M., a national newspaper, highly influential amongst Austrian businessmen, policy-makers and professional people.

If you need to reach Austrian business get in touch with

Die Presse
Unabhängige Tageszeitung für Österreich

A-1190 Vienna, Muthgasse 2

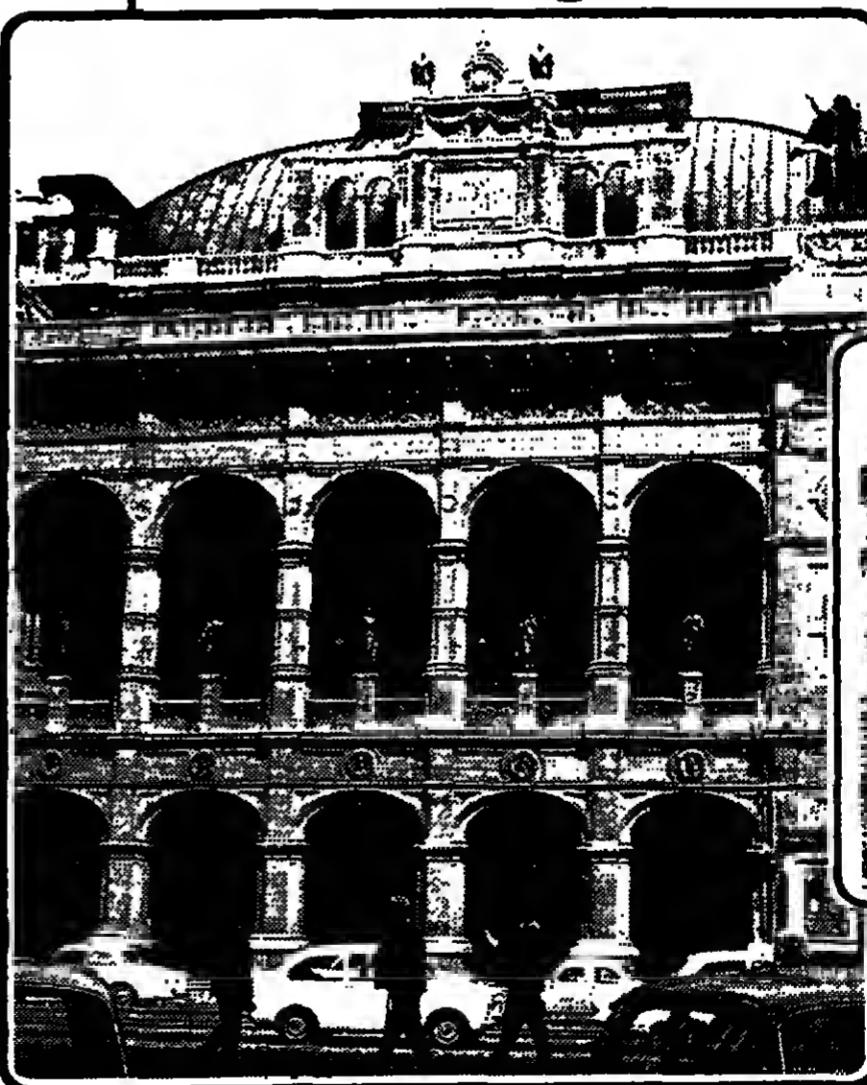
....where international advertising pays off!

Your Banking-Partner in Austria

In the business-center of Vienna:

Vienna State-Opera House & GENOSSENSCHAFTLICHE ZENTRALBANK AG

Walking-distance : 3 minutes



2400 x Raiffeisen in Austria

As big as you need, as small as you want.

Located in the heart of Europe we are used to looking beyond borders. And to doing business beyond borders. As central bank of 2400 Raiffeisen co-operative banks with a combined balance sheet total of approximately US\$ 25 billion we have the strong base we need to be an effective partner for you.

Through UNICO-BANKING-GROUP we are closely associated with 36,500 banking offices in Western Europe and some of the largest banks in the world. Co-operation is our trade. Just contact us.



GZB-Vienna
GENOSSENSCHAFTLICHE ZENTRALBANK AG

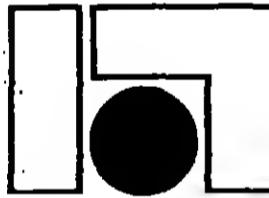
A-1010 Vienna, Herrngasse 1, 63 46 81
Telex: 136 989, Swift-code: ZENT AT WW

Member bank of
UNICO BANKING GROUP

NYSE Nationwide Trading Closing Prices March 24

Tables include the nationwide prices up to the closing on Wall Street

Market Summary																
March 24, 1982																
Dow Jones Averages																
Open	High	Low	Close	Chg.	P/E	1981	High	Low	Quot.	Close	Chg.	1981	High	Low	Close	Chg.
29 Ind	821.72	821.31	819.92	-2.21	10.5	821.31	824.44	820.52	822.61	821.31	-2.21	821.31	824.44	820.52	821.31	-2.21
25 Tm	238.72	238.32	236.92	-2.12	10.5	238.32	240.22	237.52	238.72	238.32	-2.12	238.32	240.22	237.52	238.32	-2.12
15 Util	108.49	107.47	107.22	-0.27	10.5	107.47	108.71	108.21	108.49	107.47	-0.27	107.47	108.71	108.21	107.47	-0.27
45 S&P	225.54	227.94	222.08	-2.14	10.5	227.94	229.14	225.21	225.54	227.94	-2.14	227.94	229.14	225.21	227.94	-2.14
Market Diaries																
NYSE								AMEX								
Open	Prev.	Open	Prev.	Open	Prev.	Open	Prev.	Open	Prev.	Open	Prev.	Open	Prev.	Open	Prev.	
Volume	Adv.	Vol.	Up	Vol.	Up	Volume	Adv.	Vol.	Up	Vol.	Up	Volume	Adv.	Vol.	Up	
140,320	17,14	132	NA	140,320	17,14	132	NA	140,320	17,14	132	NA	140,320	17,14	132	NA	
76,450	12,52	972	NA	76,450	12,52	972	NA	76,450	12,52	972	NA	76,450	12,52	972	NA	
74,150	12,15	924	NA	74,150	12,15	924	NA	74,150	12,15	924	NA	74,150	12,15	924	NA	
70,764	7,64	704	NA	70,764	7,64	704	NA	70,764	7,64	704	NA	70,764	7,64	704	NA	
57,457	5,45	57	NA	57,457	5,45	57	NA	57,457	5,45	57	NA	57,457	5,45	57	NA	
56,301	5,31	57	NA	56,301	5,31	57	NA	56,301	5,31	57	NA	56,301	5,31	57	NA	
50,890	4,89	52	NA	50,890	4,89	52	NA	50,890	4,89	52	NA	50,890	4,89	52	NA	
50,400	4,40	51	NA	50,400	4,40	51	NA	50,400	4,40	51	NA	50,400	4,40	51	NA	
48,170	4,17	50	NA	48,170	4,17	50	NA	48,170	4,17	50	NA	48,170	4,17	50	NA	
47,400	4,40	48	NA	47,400	4,40	48	NA	47,400	4,40	48	NA	47,400	4,40	48	NA	
44,790	4,79	45	NA	44,790	4,79	45	NA	44,790	4,79	45	NA	44,790	4,79	45	NA	
44,480	4,48	46	NA	44,480	4,48	46	NA	44,480	4,48	46	NA	44,480	4,48	46	NA	
44,080	4,08	44	NA	44,080	4,08	44	NA	44,080	4,08	44	NA	44,080	4,08	44	NA	
43,590	3,59	43	NA	43,590	3,59	43	NA	43,590	3,59	43	NA	43,590	3,59	43	NA	
43,300	3,30	43	NA	43,300	3,30	43	NA	43,300	3,30	43	NA	43,300	3,30	43	NA	
42,890	2,89	42	NA	42,890	2,89	42	NA	42,890	2,89	42	NA	42,890	2,89	42	NA	
42,500	2,50	42	NA	42,500	2,50	42	NA	42,500	2,50	42	NA	42,500	2,50	42	NA	
42,120	2,12	41	NA	42,120	2,12	41	NA	42,120	2,12	41	NA	42,120	2,12	41	NA	
41,730	1,73	41	NA	41,730	1,73	41	NA	41,730	1,73	41	NA	41,730	1,73	41	NA	
41,340	1,34	41	NA	41,340	1,34	41	NA	41,340	1,34	41	NA	41,340	1,34	41	NA	
41,050	1,05	40	NA	41,050	1,05	40	NA	41,050	1,05	40	NA	41,050	1,05	40	NA	
40,760	0,76	40	NA	40,760	0,76	40	NA	40,760	0,76	40	NA	40,760	0,76	40	NA	
40,470	0,47	40	NA	40,470	0,47	40	NA	40,470	0,47	40	NA	40,470	0,47	40	NA	
40,180	0,18	40	NA	40,180	0,18	40	NA	40,180	0,18	40	NA	40,180	0,18	40	NA	
39,890	0,89	39	NA	39,890	0,89	39	NA	39,890	0,89	39	NA	39,890	0,89	39	NA	
39,600	0,60	39	NA	39,600	0,60	39	NA	39,600	0,60	39	NA	39,600	0,60	39	NA	
39,310	0,31	39	NA	39,310	0,31	39	NA	39,310	0,31	39	NA	39,310	0,31	39	NA	
39,020	0,02	39	NA	39,020	0,02	39	NA	39,020	0,02	39	NA	39,020	0,02	39	NA	
38,730	0,73	38	NA	38,730	0,73	38	NA	38,730	0,73	38	NA	38,730	0,73	38	NA	
38,440	0,44	38	NA	38,440	0,44	38	NA	38,440	0,44	38	NA	38,440	0,44	38	NA	
38,150	0,15	38	NA	38,150	0,15	38	NA	38,150	0,15	38	NA	38,150	0,15	38	NA	
37,860	0,86	37	NA	37,860	0,86	37	NA	37,860	0,86	37	NA	37,860	0,86	37	NA	
37,570	0,57	37	NA	37,570	0,57	37	NA	37,570	0,57	37	NA	37,570	0,57	37	NA	
37,280	0,28	37	NA	37,280	0,28	37	NA	37,280	0,28	37	NA	37,280	0,28	37	NA	
36,990	0,99	36	NA	36,990	0,99	36	NA	36,990	0,99	36	NA	36,990	0,99	36	NA	
36,700	0,70	36	NA	36,700	0,70	36	NA	36,700	0,70	36	NA	36,700	0,70	36	NA	
36,410	0,41	36	NA	36,410	0,41	36	NA	36,410	0,41	36	NA	36,410	0,41	36	NA	
36,120	0,12	36	NA	36,120	0,12	36	NA	36,120	0,12	36	NA	36,120	0,12	36	NA	
35,830	0,83	35	NA	35,830	0,83	35	NA	35,830	0,83	35	NA	35,830	0,83	35	NA	
35,540	0,54	35	NA	35,540	0,54	35	NA	35,540	0,54	35	NA	35,540	0,54	35	NA	
35,250	0,25	35	NA	35,250	0,25	35	NA	35,250	0,25	35	NA	35,250	0,25	35	NA	
34,960	0,96	34	NA	34,960	0,96	34	NA	34,960	0,96	34	NA	34,960	0,96	34	NA	
34,670	0,67	34	NA	34,670	0,67	34	NA	34,670	0,67	34	NA	34,670	0,67	34	NA	
34,380	0,38	34	NA	34,380	0,38	34	NA	34,380	0,38	34	NA	34,380	0,38	34	NA	
34,090	0,09	34	NA	34,090	0,09	34	NA	34,090	0,09	34	NA	34,090	0,09	34	NA	
33,800	0,80	33	NA	33,800	0,80	33	NA	33,800	0,80	33	NA	33,800	0,80	33	NA	
33,510	0,51	33	NA	33,510	0,51	33	NA	33,510	0,51	33	NA	33,510	0,51	33	NA	
33,220	0,22	33	NA	33,220	0,22	33	NA	33,220	0,22	33	NA	33,220	0,22	33	NA	
32,930	0,93	32	NA	32,930	0,93	32	NA	32,930	0,93	32	NA	32,930	0,93	32	NA	
32,640	0,64	32	NA	32,640	0,64	32	NA	32,640	0,64	32	NA	32,640	0,64	32	NA	
32,350	0,35	32	NA	32,350	0,35	32	NA	32,350	0,35	32	NA	32,350	0,35	32	NA	
32,060	0,06	32	NA	32,060	0,06	32	NA	32,060	0,06	32	NA	32,060	0,06	32	NA	
31,770	0,77	31	NA	31,770	0,77	31	NA	31,770	0,77	31	NA	31,770	0,77	31	NA	
31,480	0,48	31	NA	31,480	0,48	31	NA	31,480	0,48	31	NA	31,480	0,48	31	NA	
31,190	0,19	31	NA	31,190	0,19	31	NA	31,190	0,19	31	NA	31,190	0,19	31	NA	
30,900	0,90	30	NA	30,900	0,90	30	NA	30,900	0,90	30	NA	30,900	0,90	30	NA	
30,610	0,61	30	NA	30,610	0,61	30	NA	30,610	0,61	30	NA	30,610	0,61	30	NA	
30,320	0,32	30	NA	30,320	0,32	30	NA	30,320	0,32	30	NA	30,320	0,32	30	NA	
30,030	0,03	30	NA	30,030	0,03	30	NA	30,030	0,03	30	NA	30,030	0,03	30	NA	
29,740	0,74	29	NA	29,740	0,74	29	NA	29,740	0,74	29	NA	29,740	0,74	29	NA	
29,450	0,45	29	NA	29,450	0,45	29	NA	29,450	0,45	29	NA	29,450	0,45	29	NA	
29,160	0,16	29	NA	29,160	0,16	29	NA	29,160	0,16	29	NA	29,160	0,16	29	NA	
28,870	0,87	28	NA	28,870	0,87	28	NA	28,870	0,87	28	NA	28,870	0,87	28	NA	
28,580	0,58	28	NA	28,580	0,58	28	NA	28,580	0,58	28	NA	28,580	0,58	28	NA	
28,290	0,29	28	NA	28,290	0,29	28	NA	28,290	0,29	28	NA	28,290	0,29	28	NA	
28,000	0,00	28	NA	28,000	0,00	28	NA	28,000	0,00	28	NA	28,000	0,00	28	NA	
27,710	0,71	27	NA	27,710	0,71	27	NA	27,710	0,71	27	NA	27,710	0,71	27	NA	
27,420	0,42	27	NA	27,420	0,42	27	NA	27,420	0,42	27	NA	27,420	0,42	27	NA	
27,130	0,13	27	NA	27,130	0,13	27	NA	27,130	0,13	27	NA	27,130	0,13	27	NA	
26,840	0,84	26	NA	26,840	0,84	26	NA	26,840	0,84	26	NA	26,840	0,84	26	NA	
26,550	0,55	26	NA	26,550	0,55	26	NA	26,550	0,55	26	NA	26,550	0,55	26	NA	
26,260	0,26	26	NA	26,260	0,26	26	NA	26,260	0,26	26	NA	26,260	0,26	26	NA	
25,970	0,97	25	NA	25,970	0,97	25	NA	25,970	0,97	25	NA	25,970	0,97	25	NA	
25,680	0,68	25	NA	25,680	0,68	25	NA	25,680	0,68	25	NA	25,680	0,68	25	NA	
25,390	0,39	25	NA	25,390	0,39	25	NA	25,390	0,39	25	NA	25,390	0,39	25	NA	
25,100	0,10	25	NA	25,100	0,10	25	NA	25,100	0,10	25	NA</					



Banco Ambrosiano

Via Clerici, 2 - 20121 Milan (Italy)

The board of Directors, which met on March 10th 1982, examined and approved the 1981 Balance Sheet which will be presented at the forthcoming Shareholders' meeting.

Last year's results were highly satisfactory and can be broken down as follows:

	1981	1980	%
Total Deposits	6,644.1 billion Lire (5,536.8 million US\$)*	5,766.4 billion Lire	+ 15.2
Net Profits	43.4 billion Lire (36.2 million US\$)*	13.5 billion Lire	+ 221.4
Capital Resources (after appropriation of expended Funds)	516 billion Lire (430 million US\$)*	207 billion Lire	+ 149.2

The Board noted that the Total Assets of the Companies of the Group, based on figures from the latest financial statements, have reached 24,536 billion Lire (20,446.7 million US\$)* in comparison with 19,642 billion Lire of the preceding Balance Sheets ($\pm 25\%$).

The Banco Ambrosiano Shareholders' meeting will be called for 16th/17th April 1982.

Milan, March 1982

Big Deficits May Hold Key to Reagan's Plans

By Leonard Silk
New York Times Service

NEW YORK — President Reagan still is holding out against a budget compromise with the Democratic and Republican leaders of Congress that would shrink the huge deficits expected in the next three years and beyond.

Following the fiscal 1982 deficit of \$111 billion, originally projected to be only \$45 billion, the administration is now budgeting for deficits it says would total more than \$240 billion in fiscal 1983, 1984 and 1985.

But projections by the Congressional Budget Office and the Federal Reserve Bank of New York indicate that those deficits could total more than \$300 billion — a 50 percent increase in the trillion-dollar deficit accumulated over the preceding two centuries. The prospect of these huge deficits is creating anxiety in financial markets.

Ironically, the president and his aides are moving to support a constitutional amendment prohibiting budget deficits. Is this a purely political play designed to embarrass the Democrats and divert criticism from the administration, or does the president really mean it?

He Means It

All the evidence is that he means it. That impression was deepened in Atlanta last week by the statements of such leading Reagan advisers as Norman Ture, undersecretary of the Treasury for fiscal policy; Beryl W. Sprinkel, undersecretary of the Treasury for monetary affairs; Murray L. Weidenbaum, chairman of the Council of Economic Advisors; and Milton Friedman, Mr. Reagan's top outside economic adviser.

These monetarists insisted that they had found true harmony with the supply-siders and agree that deficits can be tolerated as long as the money supply is held to a slow rate of growth to take care of inflation.

NEWS ANALYSIS

amendment, Mr. Reagan's tax cuts have put intense pressure on government outlays, at least in the social area.

In holding to this line, Mr. Reagan appears to be isolating himself from those of his advisers such as David A. Stockman, director of the Office of Management and Budget, who have been pressing to scale down the deficits by agreeing to take back some of the big tax cuts enacted in 1981 or to trim the military budget.

The Other Side

He absented himself last week from a meeting of his economic policy council, headed by George P. Shultz, president of Bettcher and secretary of the Treasury under President Richard M. Nixon. At that meeting, Mr. Reagan would have heard criticism of his budget policy from advisers such as Paul W. McCracken of the University of Michigan who headed Mr. Nixon's Council of Economic Advisors.

Until now the majority of professional economists, conservative and liberal, have opposed the balanced budget constitutional amendment on the ground that, in times of recession and high unemployment, an effort to balance the budget by raising taxes or cutting spending would deepen the slump.

Mr. Weidenbaum, who had campaigned inside the administration for measures to end

the budget deficits, told the Atlanta conference that "not only are supply-side and monetarist policies compatible, it is essential that they go together."

Cutting taxes, especially with a constitutional amendment prohibiting budget deficits, would force a shrinkage of government; that has now become the core of the Reagan ideology. Even without a constitutional

amendment, Mr. Reagan's tax cuts have put intense pressure on government outlays, at least in the social area.

For the Republicans, the constitutional amendment could be a way of putting the political onus for huge deficits on the Democrats.

For, if the Democrats listen to their own economist advisers, they would have in oppose it. Gardner Ackley of the University of Michigan, the current president of the American Economic Association, who served as chairman of the CEA under President Lyndon B. Johnson, told the House Budget Committee last week that there could be no doubt that such a prohibition would be "extremely awkward were it now in effect, perhaps compelling actions that would have serious consequences for the economic welfare of the American people, and even for our international position."

Yet Mr. Ackley, like Mr. Weidenbaum, observed that unless something were done to eliminate the current prospect of huge and continuously increasing deficits, "the political pressures for a constitutional prohibition of deficits are likely to become irresistible."

Is Mr. Reagan's grand ideological design now falling into place? Is he turning the huge deficits his policies have produced into the key strategem for achieving the Reagan revolution?

Bonn Backs 5-Year Plan On Energy

Reuters

BONN — The West German Cabinet Wednesday approved a five-year, 12.8 billion Deutsche mark energy research program that raises spending on nuclear projects but also makes more money available for alternative energy research. Technology Minister Andreas von Bülow said.

More than half the funds for the program, which covers the period until 1985, are for nuclear research, he told a press conference.

This includes a fast-breeder reactor being built with Dutch and Belgian help at Kalkar in northern Germany, continuation of the high-temperature reactor program and further work on the recycling and disposal of nuclear waste.

Mr. von Bülow said that 7.2 billion DM would be spent on nuclear research.

About 800 million DM will be spent on research into wind, solar and geothermal energy, and a similar sum into research into more efficient ways of using existing energy resources, he said.

The fastest growing part of the budget was for coal-refining schemes. Increased oil prices have forced industry to look at ways of producing oil and gas from coal.

Mr. Von Bülow said research on this would cost 835 million DM in 1985, nine times last year's spending.

The budget through 1985 is nearly double the 6.7 billion DM spent in the four years from 1977 to 1980.

Prices Fall 0.2% In West Germany

Reuters

WIESBADEN, West Germany — The country's wholesale price index fell 0.2 percent in February, sharply down from a 1.8-percent rise in January, the Federal Statistics Office said Wednesday.

At 132.1, the index, base 1976, was 8.4 percent higher than in February, 1981. The index had registered a 10-percent year-on-year gain in January.

The office also reported that the country's import price index rose 0.7 percent in February to stand 4.6 percent higher than a year earlier — its lowest year-on-year rise since February, 1979.

EDF

Electricité de France

DM 100,000,000
9% BEARER BONDS OF 1982/1992
— PRIVATE PLACEMENT —

UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY
THE REPUBLIC OF FRANCE

BAYERISCHE HYPOTHEKEN-
UND WECHSEL-BANK
AKTIENGESELLSCHAFT

BANQUE INDOSUEZ
BANQUE DE L'INDOCHINE
ET DE SUEZ

Financière CSFB Picks Hennessy for Top Post

From Agency Dispatches

LONDON — John M. Hennessy has been elected president and chief executive officer of Financière Credit Suisse-First Boston, an international holding company for a group of international banks and financial services companies.

The company said he will be the first executive to hold the title on a permanent full-time basis because the increased size and scope of the company now requires it.

Consolidated shareholders' equity and reserves amounted in 251 million Swiss francs (\$104.4 million) at the end of last year. Earnings in 1981 totaled 52.9 million Swiss francs.

Financière is owned by First Boston Corp., the New York investment banking firm; Crédit Suisse, a leading Swiss bank; several individuals, and a foundation. Its major unit is Crédit Suisse First Boston, a leading investment and merchant banking company based in London, of which Mr. Hennessy will also be chief executive officer.

The title of chief executive officer had been held by Hans-Ulrich Doering, who returns in Crédit Suisse in Zurich as a member of the management board. Mr. Doering, Hans-Joerg Rudloff and Robert Strehel have been named deputy chairmen of CSFB — joining Jean Claude Trifé who already held that title. Michael von Clemm remains chairman of CSFB.

"One of the main things I'll be concerned with is how to posture ourselves with the integration of world capital markets," Mr. Hennessy said in a telephone interview. "We also think there is a world market now for fee-based investment banking services, like merger and acquisition work and project financing. And we'll try to find related businesses to the financial services industry."

Mr. Hennessy said that investment bankers today must offer their clients financial alternatives in different parts of the world.

CUT THE THROAT OF INFLATION

GUARANTEED PERMANENT BUILDING SOCIETY of GIBRALTAR

Gives you the opportunity to beat inflation by investing in term shares guaranteed on 1st mortgage on carefully valued properties.

MINIMUM AMOUNT £1,000 or equivalent.

INTEREST paid yearly (half yearly, quarterly or monthly at a lower rate) WHEREVER you state. TAX FREE.

COMPLETE CONFIDENTIALITY

GUARANTEE: 1st mortgage on carefully valued properties in rapid development areas.

BANK GUARANTEE can be provided (however, at the investor's cost 0.5 to 2%). No deductions or source.

French Franc, Dollar Gain in Late Rallies

Reuters

LONDON — The dollar and French franc staged rallies toward the end of trading here Wednesday, buoyed by short-covering by U.S. banks after an upturn in Eurodollar rates and French franc Eurorates, dealers said.

The dollar rose from an opening low of 2.3761 Deutsche marks to close at 2.3845 DM, unchanged from Tuesday.

The French franc, which fell to its European Monetary System floor of 2.6205 to the mark at mid-afternoon, recovered in later dealings. It closed at 6.2030 to the dollar, compared with 6.2535 close.

Eurodollar deposit rates, which had earlier fallen up to 3/16 point from Tuesday's close, firmed in late dealings to close little changed for the day, dealers said.

In New York, the franc held its European gains, trading at 6.2050 to the dollar. The dollar was firmer against most currencies, trading at 2.3865 DM.

The belief that the recent drop in the U.S. federal funds rate below 14 percent will not last, especially given predictions for a surge in money supply in April, also helped push Eurodollar rates back up, London dealers said.

Dealer calculations put the Deutsche mark at the top of the EMS, 2.24 percent above the bottom-ranked Belgian franc and 2.19 percent above the French franc.

Dealers said the rise in French franc Eurorates made short French franc positions too expensive to maintain, and prompted operators to cover those positions.

They noted that trading was volatile as speculation about a possible devaluation of the franc continued to exert pressure on the currency.

Dealers said that the market continues to expect a devaluation in coming months, although such a move is not thought to be imminent.

With French franc Eurorates sharply higher, the Belgian franc came under increased pressures because Belgian franc Eurorates remained unchanged, dealers said. The Belgian franc closed at

44.95 to the dollar, compared with Tuesday's 44.93.

The Belgian franc may have weakened in anticipation of Thursday's ministerial meeting between Belgium and Luxembourg dealers said. Luxembourg is seeking changes in the two countries' monetary union, official sources in Brussels said earlier this week.

Talk of the possibility of re-

newed labor unrest in Belgium over the next few days also weakened the currency, they said.

Despite the currency's decline, the Belgian National Bank was not seen to be particularly active in the foreign exchange market. The franc made a minor recovery late in the session on a medium sized order from the United States, they said.

Russians Make Swiss Loans Pledging Gold as Collateral

United Press International

ZURICH — The Soviet Union is putting up gold as collateral to obtain hard currency credits from Western banks, Swiss bankers said.

The bankers said that 200 to 300 tons of Soviet gold is involved but that the exact amount is unknown.

They described as "totally exaggerated" a rumor on the New York gold market that Moscow has put up as much as 1,000 tons of its gold in collateral for Western creditors.

Credits for the Soviet Union against gold as collateral are being provided both by Swiss banks and the Bank for International Settlements in Basel, the bankers said.

Spokesmen at the BIS, the so-called central bankers' central bank, denied all knowledge of any such arrangement.

They acknowledged, however, that BIS regulations permit the institution to provide credit against collateral to central banks even if they do not — as in the case of Moscow — belong in the BIS.

Even if the report were true, we would be unable to make any comment because of the confidential nature of BIS business," one spokesman said.

Bankers said the Soviet Union is seeking large amounts of hard currency both to purchase grain and to assist East European countries, especially Poland, in meeting debt payments to the West.

Large sales of gold by Moscow helped push down gold prices recently, they said.

The Russians, by putting up gold as collateral for credit, can avoid selling even more, which would further depress prices, the bankers said.

"They said it also appears that Moscow has had some difficulty in the delivery of gold to Western markets.

S. African Output Off

PARIS (Reuters) — South African gold production fell to 722 tons in 1981 from 740 the previous year, South African Minerals Bureau statistics show.

Arthur Dykes of the South African Embassy here, who presented the figures Wednesday, said that production should rise to 731 tons this year. South African gold sales in 1981 were worth 8.6 billion rand (\$3.95 billion) compared with 10.4 billion rand in 1980, he said.

Rhein-Saar-Lux-LB Balance Sheet '81:

	1981	1980
	In Million DM	
Balance Sheet Total	3,795	2,718
Due from Banks	1,332	1,010
Due from Customers	2,062	1,522
Volume of Credit	2,831	1,995
Securities	118	90
Capital Funds	125	94



Landesbank Rheinland-Pfalz und Saar International S.A. Luxembourg

Shareholders:
Landesbank Rheinland-Pfalz - Girozentrale - Mainz, West Germany (74.9%)
Saar LB, Landesbank Saar - Girozentrale - Saarbrücken, West Germany (25.1%)

6, rue de l'Ancien Athénée, P.O. Box 84, L-1144 Luxembourg, Telephone: 47 59 21-1, Telex: 1635 ipslu

This announcement appears as a matter of record only.

\$100,000,000

Inter-American Development Bank

15% Seven-Year Notes of 1982, Due April 1, 1989

Lehman Brothers Kuhn Loeb
Incorporated

Goldman, Sachs & Co.

Kidder, Peabody & Co.
Incorporated

Salomon Brothers Inc

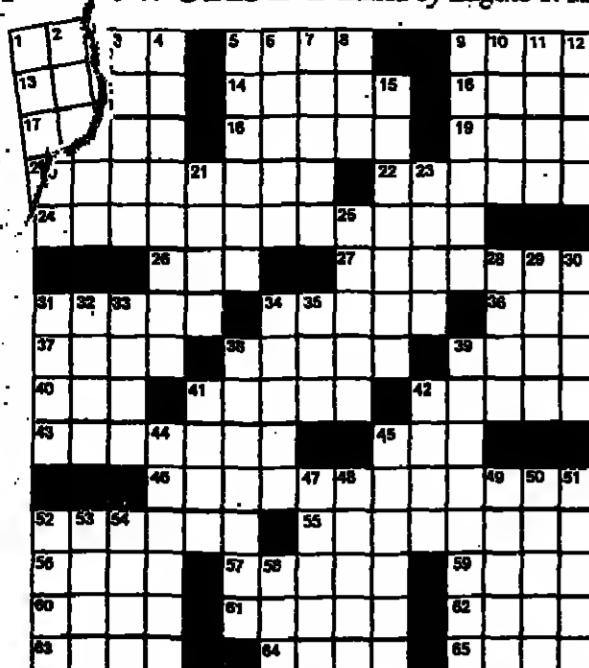
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated

The First Boston Corporation

Lazard Frères & Co.

Atlantic Capital Corporation

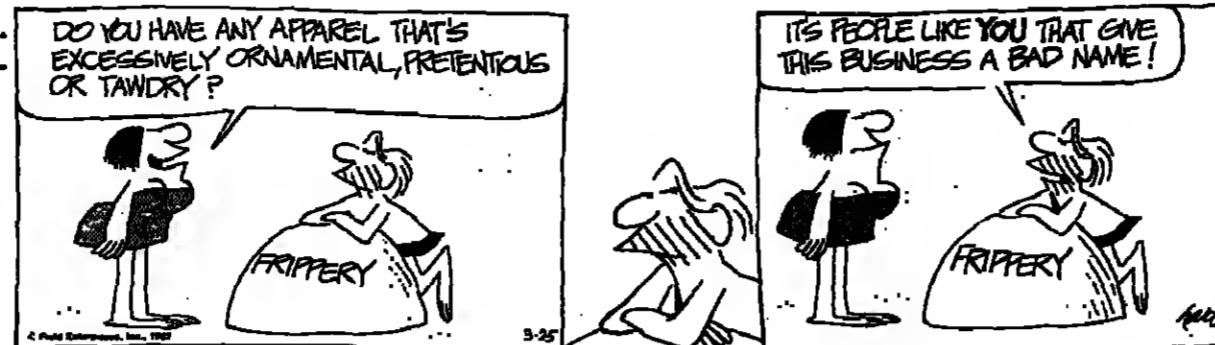
CROSS SWORD—Edited by Eugene T. Maleska



P E A N U T S



B. C.



B. L O N D O N I E



B. E T T E B A I L L E Y



A N D Y C A P P



W E X M O R G A N



D O O N E S B U R Y



JUMBLE.

THAT SCRABBLE WORD GAME
by Hank Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

GEGAU

CYKAT

QUORIL

VERABE

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

ANSWER: THE

(Answers tomorrow)

Yesterday's Jumble: REBEL GAVEL STUDIO RABBIT
Answer: What they said the dynamiters' annual shindig was—A REAL BLAST

Imprimé par P.I.O. - 1, Boulevard Ney 75018 Paris

BOOKS

H.D.

The Life and Work of an American Poet
By Janice S. Robinson, 490 pp. \$17.95.
Houghton Mifflin, 2 Park St., Boston, Mass. 02107.

Reviewed by Hugh Kenner

NOT a biography, no, "a biographically illuminated study of H.D.'s poetry: a long book spun from the poems plus a few facts. The non-literary facts, with one exception, are well known. The exception is startling. Here's the plot:

1. In a Philadelphia suburb, Hilda Doolittle, 19, of academic and Moravian family, finds herself engaged to Ezra Pound, 20.

2. The off-and-on engagement draws her (1911, age 25) to London, where Pound launches her as the Imagist poet "H.D." but then turns round and marries Dorothy Shakespeare. H.D. (27) marries Richard Aldington (21), an Englishman with literary talents more striking than than his.

3. Her marriage founders; yes in March, 1919, 11 months after the war had shipped Aldington to France, she bears their daughter. Her husband threatens big blue policemen if the child is registered as his, so vague stories are cobbled up. But . . .

4. Are you ready for this? Enter, at little previously, D.H. Lawrence. And, quite literally, H.D. was Lady Chatterley, Richard Aldington the gauze Sir Clifford, D.H. of course the potent gamekeeper.

5. Exit Lawrence; exit just about everybody. And as once before when menfolk failed her, H.D. takes up with a woman: the heiress Winifred Ellerman, known as "Bryher," whose wish was to have been a man. Together they bring up Perdita, while H.D. writes and rewrites novelizations of the past. The relationship lasts till 1946.

6. In 1933 H.D. commences analysis with Freud himself. ("Bisexual" is his diagnosis.) She finds peace, enjoys in the '40s a second poetic flowering, and dies in 1961, age 75.

Item 4 is the summer. The rest has long been common knowledge, thanks not only to biographers' diligence but to H.D.'s habit of telling and retelling her story with the names changed. Thus 1-2, the Pound Story, was the substance of "End to Torment" (published 1979) and of "HER/mine" (published 1981).

Again and again, too, she told her Lawrence story: in her novel "Bid Me to Live" and in much unpublished fiction, obliquely in her major poem "Helen in Egypt." Lawrence also told it several times (three versions of "Lady Chatterley"; "The Man Who Died"; more). But until Janice Robinson came along no one has read any of this correctly. Why? Because misdirecting readers and biographers have for decades the obsessive enterprise of Richard Aldington. For who would want to be fingered as Lady Chatterley's lover?

Aldington's strategy was to take firm charge of how we should see D.H. Lawrence. This entailed writing four book-length essays; also discreetly tampering with all the Lawrence poems, essays, letters, novels — 18 volumes — that were published under his supervision ("Most of the volumes of Lawrence's work now in print have been altered by Aldington"). He was also of eager "service" to biographers, notable Harry T. Moore, and wrote a Lawrence biography of his own ("Portrait of a Genius"). But . . . He spread the word that D.H.L. was impotent; he suggested misleading originals for the Chatterleys; as far as he could he expunged his ex-wife from the Lawrence Story completely.

H.D., for her part never divulged Perdita's paternity, even to Perdita, one reason Robinson's book is so long. Whole chapters sift and circumstantial evidence, much of it embedded in works of imagination. Let's instead assume, as she couldn't, that the facts are established. What have we? We have an intense and highly original but limited pool, whose chief work is the pseudo-Greek "Imagism" of the time of

dissent from Pound (1913-18) and the "Helen in Egypt" sequence (1951-54, published 1961) which by Robinson's reading is the consummate retelling and distancing of her life.

If she is Helen, Pound is Menelaus; Aldington is Paris who snatched Helen away; the Fall of Troy is the fate of that marriage; Lawrence is Achilles. Thus, her tryst with Lawrence had been in Cornwall beside the sea, and

But what could Paris know of the sea, its beat and long reverberation, its boomerang and delicate echo, its ripple that spells a charm on the sand, the rock-ficken, the sea-moss, the sand . . . ?

. . . only Achilles could break his heart and the world for a token, a memory forgotten.

If behind such lines we glimpse Aldington's bank-clerk demeanor and Lawrence's satyr-like intensity, no harm. But from end to end of her book Robinson encourages us to look upon any book we come on as a challenge to decode. "Each poem," she says, "is a prolonged metaphor, in which actions on the part of deities, nymphs, heroes, or Nature herself are symbolic of the actions and events taking place in the life of H.D.'s circle of poets. Through myth or allegory, H.D. tells the story of her own life."

And not only H.D. Pound, Aldington and H.D. were once in Venice? Then a Venice-passage in an early Pound *Canto* must be "written of H.D." its "had my rolls for breakfast" a bawdy pun. Nonsense; the lines address Robert Browning's shade. Their girl ("young, too young") alludes to an event in "Sordello" and is anyone but H.D. (less than a year Pound's junior). And their rolls are edible rolls.

"Sometimes" Pound would say, "frawgs is frawgs." And (one afternoon in Washington, to a Hindu visitor who had requested a "meaning") "That goddamn squirrel over there is it that goddamn squirrel over there; it does NOT represent anything ELSE."

If, as Janice Robinson complains, H.D. has not been overwhelmingly present in other accounts of the period, that is in part because of her limitations. Having acknowledged the stark originality of her 1913 Imagism, one gets put off by a certain difficulty in remembering one poem from another. What we've needed, it now appears, is better knowledge of the underlying events; then we'd know that the hard sand of "Hermes" is a setting for her relation to the tricky Pound, while other sands pertain to the Cornish coast she shared with Lawrence.

Grazit that, though; and if you've granted Robinson a tool she needs for reconstructing the life, you've also surrendered much of the poetic status she'd like you to grant H.D., since you've agreed that to read the poems you need to know what they'll say before you start. Unless you are cheerfully complacent about poems as encoded autobiography, that is damaging.

There's no doubt that H.D.'s novels, published and unpublished, are that: obsessive high-keyed retellings, names permuted. Judging from quoted samples, I'm content to see the rest left unpublished. The poems, though: it cheapens "Sea Iris" to be told that "she speaks directly about how it feels to be characterized by her fellow poems as 'on the prow'" (in a characteristic Imagist wordplay, the "prow" is co-textually related to the "prow" of the poem).

"On the prow" is not H.D.'s phrase but her execrable H.D. said to Sea Iris:

You are painted blue, painted like a fresh prawn . . .

And "wordplay" was not a characteristic of Imagism. No, better trust her straight talk at its best:

so you may say,
"Greek flower, Greek ecstasy
reclaims forever"

one who died
following
intricate song's lost measure . . .

Solution to Previous Puzzle

HASIP	SIPY	ELIKIE
ECCIE	CURED	NEED
PHILIPPINE	HEWS	VALENTINO
ALMAIN	RCA	DODGE
BASIS	PEERS	ULMAS
ASS	SEED	AGENTS
COLLEGE	MOSPAPES	SUMMEO
DOUST	ADLIK	DUET
ASSET	LINE	DUSEN
LIAM	BOOMINATES	AMMO
PEACHSTONE	LHAR	ATREE
AXEIS	EVIES	NIEWTY

Hugh Kenner is the author of "The Pound Era" and many other studies of 20th-century English and American literature. He wrote this review for The Washington Post's Book World.

BRIDGE

By Alan Truscott

ON the diagramed deal, South had to hide his nine when East opened with one club, but came to life with a jump to three no-trump when his partner reopened with a double.

The partnership had missed the 5-3 spade fit in which game would have been relatively easy, with the cards playing favorably. South had a considerable problem when a heart was led. He held up the heart ace until the third round, and then faced the problem of developing spades.

If West was able to gain the lead to cash his remaining heart, the contract would fail, for the defenders were sure to take two spade tricks. South felt sure from the bidding that the spade ace was on his right, and it was very likely that the queen was with the ace. If West held the jack, it could be neutralized.

At the fourth trick, South led the spade ten from the dummy. If East had played low, he would have played the king and continued the suit, hoping for the best. As it was, East tried to confuse the issue by playing the queen, but South was ready for that play and followed low.

It did not matter what East returned. He shifted to a diamond and South won in dummy and played another spade. East put up the ace and

played another diamond, which South won in his hand. Then he could cash the spade king, reach dummy in diamonds and claim the contract with the help of the established spades.

The secret of success for South was to make sure that his spade king captured East's seven whenever that card was played.

NORTH(D)

♦ 109432

♦ VAS53

♦ KJ6

♦ Q

WEST

- ♦ JS
- ♦ QJ107
- ♦ 10832
- ♦ 97
- ♦ 865

SOUTH

- ♦ K65
- ♦ 86
- ♦ AQ54
- ♦ AJ72

North and South were vulnerable. The bidding:

North	East	South	West
Pass	14	Pass	Pass
Pass	Pass	2.N.T.	Pass
Pass	Pass	Pass	Pass

West led the heart queen.



GUESS WHAT! MIT MUNGER WAS SICK TODAY
SO WE HAD A STEP-TEACHER!



Phil Mahre, With 3d-Place Finish, Ices World Cup Giant Slalom Title

From Agency Dispatches

SAN SICARIO, Italy — Phil Mahre of the United States Wednesday added the World Cup giant slalom ski title to the overall cup honors he had already secured, and denied Ingemar Stenmark of Sweden a fifth successive giant slalom title.

Mahre placed third in the final giant slalom of the 1981-1982 season to finish the winter with 105 points in the discipline.

Stenmark Fifth

Stenmark finished fifth in Wednesday's race, won by Pirmen Zurbriggen of Switzerland, and wound up with 101 giant slalom points.

Mahre, 24, had never won a World Cup title in an individual discipline before, although he has won the overall men's title for the past two seasons.

This year, he also leads in the slalom standings with one event to go.

Last year Mahre was the overall

cup winner and placed third in the giant slalom ratings. But with two titles already under his belt this season, he is well set to take home three World Cups.

Wednesday's race took place in perfect conditions, with sunshine and blue sky, but the 1,260-meter (about 4,150 feet) track was icy and fast.

Zurbriggen, leader after the first leg, held on to win his first cup race ever in a total time of 2:42.37, ahead of Marc Giradelli of Luxembourg, who clocked 2:43.05.

The course turned a lot in the first heat, and was pretty icy around the bottom gates, said Zurbriggen, 19.

The second run was much straighter and quicker, but I was really relaxed and didn't make a single mistake,"

Mahre skied cautiously to finish third in 2:43.15. Hans Erens of Austria took fourth place in 2:44.15, one one-hundredth of a second faster than Stenmark, who put in the fastest second run after a disappointing first leg.

To have defeated Mahre, the Swede — who had won the giant slalom title six times in the previous seven seasons — needed to finish in the top three in Wednesday's finale.

Mahre was not satisfied with having finished third in the final giant slalom of the cup season.

Overall World Cup Standing

1. Pirmen Zurbriggen, Switzerland, 2 minutes 32 seconds
2. Marc Giradelli, Luxembourg, 2:43.05
3. Ingemar Stenmark, Sweden, 2:44.15
4. Hans Erens, Austria, 2:44.15
5. Ingemar Stenmark, Sweden, 2:44.15
6. Pirmen Zurbriggen, Switzerland, 2:44.15
7. Ingemar Stenmark, Sweden, 2:44.15
8. Andreas Wenzel, Liechtenstein, 2:44.49
9. Steve Mahre, United States, 2:44.68
10. Jean-Luc Fourcade, Switzerland, 2:45.01

"I always want to win," he said, "but I did not ski well on the bottom part of the track in the first run."

His twin brother, Steve, finished 10th in 2:44.68.

The Mahre brothers came here with an impressive record. They had won every race except one since World Cup competition returned to Europe earlier this month.

The only other winner was Bojan Krizaj of Yugoslavia — who finished 17th Wednesday.

Mahre said he was not worried going into the race.

"He has no chance in the giant slalom," he said of Stenmark, "because he is not skiing well in that race."

Afterward, he said he noticed Stenmark's disbelief after the first run — in which the Swede was only 11th.

"He could not believe that the skiers ahead of him had been that fast. He did not think that was possible."

But Mahre conceded that Stenmark skis a better slalom. The World Cup slalom trophy will be decided Friday in the final slalom race of the season at Montgenèvre in France.

Closed Race

Phil Mahre has an unbeatable 304 points in the overall men's cup standings and also heads the slalom standings with 115 points. Stenmark, second in the overall standings with 110, is close behind in the slalom at 110 — and could make a last ditch effort.

But Mahre appeared discouraged and gloomy after losing the giant slalom crown Wednesday and may not recapture the concentra-



Phil Mahre

Pros of the Women's Tennis Tour Aching for Start of Finale in N.Y.

New York Times Service

NEW YORK — Some players say the synthetic carpet is too hard and the balls are too soft.

Others cite cold arenas and the continuous 12-week grind and resulting mental stress as reasons for the record number of injuries that have dogged the women's professional tennis tour this season.

"We're going to have to change the winter tour," Jerry Diamond, the executive director of the Women's Tennis Association, said earlier this week as the eight top finishers on the circuit gathered for the draw for the \$300,000 championships at Madison Square Garden.

"We need to move to some outdoor tournaments in the winter and maybe have a rest week or

"When a player plays on a carpet laid over a hard surface, the muscle gets two hits for every stop. That's OK for three to four weeks, but over the long haul it has to take its toll."

Three of the sport's top four players — Chris Evert Lloyd, Tracy Austin and Andrea Jaeger —

"I wish they would change the

"When you're happy, you don't get hurt."

surface, even though I'm playing well on it," she said.

"It sticks, there's no give. If you go the wrong way, it pulls on you."

Lee Jackson, the tour referee, also believes that the surface has been a factor to the increased injuries. "Some weeks it's boards over ice," she said, referring to the base under the carpet.

"Playing in those cold arenas, the thumping is unbelievable. For the young players, I don't know how they do it. Andrea's joints are still growing, and I think she's petrified that she's going to have a permanent injury."

According to Diamond, the WTA prefers Sportze to Supreme Court, the rubberized synthetic used primarily on the men's tour.

"The court the men use is too slow," he said. "We've tried it, and it's had its share of problems, too."

Beaven, a former player, attributes some problems to stress. "I think these injuries are purely mental," she said.

"I don't think it's the boards or balls."

"It's very depressing to play 12 weeks, and the pressures are so different. The players go on the court 900 percent tighter. They play at 9 in the morning, 12 at night, on one court, with no sunshine."

"As soon as you get them into sunshine, they change into different creatures. Inside, they get introverted, and it's a very stressful situation."

"When you're happy, you don't get hurt."

More Money

Anne Smith, who qualified for the event in singles and doubles (with Kathy Jordan), played in eight of the 11 winter tournaments. She escaped serious problems but acknowledged that many players had pushed themselves because "you can make more money in these three months than you can in nine months on the outdoor tour." She has earned \$70,375 so far this year.

Navratilova, unbeaten in 24 singles matches this season, said that for playing indoors she wore sneakers with soles smoother than the traditional ribbed soles used for clay or grass courts.

"What hurts you more than anything is not having any weeks off," said the defending champion, who has earned \$173,700 this year and drew Bettina Bung in her opening match.

"Players don't want to miss anything, so they play every week when they really need to rest."

Lloyd, a four-time winter champion, played only one circuit event this season. She lost the Oakland, Calif., final to Jaeger, and then had to withdraw from last week's Boston stop with a leg injury and influenza.

Borg, in Return, Loses Exhibition Against Gerulaitis

The Associated Press

COPENHAGEN — Björn Borg, returning to tennis after a five-month layoff, dropped a 6-2, 6-7, 6-2 exhibition match to Vitas Gerulaitis of the United States here Tuesday night.

The Swedish star lacked most of the speed and solid ground play that once made him the world's top-ranked player. He also had problems with his serve, double-faulting 11 times during the two-hour match, which was part of his training for a grand prix tournament next month in Monte Carlo.

Gerulaitis slackened the pace in the second set in which Borg survived seven match points, the last thanks to a Gerulaitis double-fault at 6-6 in the tie-breaker.

Borg admitted afterward that he was far from tournament form but said, "My game proved to be not much worse than it was at the same time last year." He added he was surprised the match had not tired him — "that was what I had feared most."

Borg remained unconcerned about entering the French Open or Wimbledon, for which he would have to qualify. He has said he would wait until the last moment, hopeful of a move by Wimbledon officials to get him an exemption into the tournament. Unhappy at having to qualify because of his limited schedule, Borg declared, "It's a matter of principle."

Andrea Jaeger
...Withdrawn.

College Basketball Shot Clock May Be Just a Matter of Time

By Mal Florence

Los Angeles Times Service

LOS ANGELES — The control game has taken control of college basketball this season. Although scores are lower, fan enthusiasm is still high. But for how long?

Coaches, administrators and those close to the sport are concerned that the game's popularity may wane unless rules are changed. They differ, however, on what should be done.

What has happened is that spread-court offenses — bolding the ball and waiting for the good percentage shot, or just holding it — have taken some of the action out of college basketball and have frustrated defenses.

The subject is timely, since more than one of the remaining teams in the NCAA tournament emphasize ball control.

Some coaches say it's time for the colleges to have a shot clock — not necessarily the National Basketball Association's 24-second-clock, but something. The idea isn't new. They've been talking about a shot clock for 30 years or longer, but the majority of coaches have rejected it.

Others say a shot clock would hurt college basketball, restructuring it as a secondary game to the pros and inhibiting strategy and tactics. They want to experiment with other measures. But the pro-and anti-clock people all agree that something should be done.

John Wooden, the retired UCLA coach, favors a 30-second clock that wouldn't be started until a team crosses the center line.

Jerry Pimm, Utah's coach and a

member of the rules committee, has proposed that courts be redesigned with an arc that would compress the playing area and help defenses combat spread-court offenses.

Pete Newell, a former California coach whose Alabama-Birmingham team made it to the NCAA Midyear final, says some type of shot clock is essential if the game is to retain its popularity.

Wooden doesn't believe teams with deliberate offenses would be at a disadvantage with a 30-second clock activated after the ball crosses the center line.

"I was on the rules committee in the middle '60s," Wooden said. "We checked Hank Iba's teams at Oklahoma State. They always shot under 30 seconds and they didn't start their offense until they were over the center line. Iba, as you know, was the foremost exponent of the ball-control style of play. That study convinced me that a shot clock of some sort would be real good if it didn't bother Iba's style."

"I don't think you can legislate against a style of play. For example, I don't believe in outlawing zone defenses, although I didn't coach the zone."

Pimm, like Wooden, believes in fast-break basketball, but he opposes the clock.

The spread offenses make it really difficult to defend the 45-foot, 50-foot [half court]," he said. "The play-offs make it really difficult to defend the 45-foot, 50-foot [half court]."

Wooden, like Wooden, believes in fast-break basketball, but he opposes the clock.

"Once a team has penetrated the arc, it can't go back out of it or it would be out of bounds — a turnover," he said. "What we're doing is squashing the court down and eliminating the corners and a little bit of the midcourt area. The defense doesn't have to spread out as far and won't get as much on backdoor lay-ups. You wouldn't have stalling tactics because you've got 10 people in the

same area. It gives defenses a better chance to defend against the spread-court game."

Pimm said his concept will be submitted to the rules committee when it meets in New Orleans at the end of the month.

"I think the clock is the last resort," Newell said. "We've solved our other problems with a time element. The 10-second line was established in the '30s [teams] must cross the center line within 10 seconds." Then ... when big men came into the game and camped under the basket, the three-second rule came into effect. And the foul lane has been widened over the years.

"If you want to see a run-and-shoot game, the NBA is the place to see it. But if you buy a ticket to a college game, you may see man-to-man and zone defenses, spread-court and fast-break offenses, full-court presses, a stall and small team against big teams. There are many variables in a college game, and that's what makes it exciting."

But Pimm is aware that many coaches are now emulating, to some degree, North Carolina's Dean Smith and his four-corner delay. "Success breeds success," he said. "Smith's affect on the game has been the same as [Michigan State Coach] Jud Heathcote's with his 2-3 match-up zone defense."

The Arc

Pimm's alternative to the shot clock is a rear-boundary arc extending 36 feet from the center and covering both sidelines.

"Once a team has penetrated the arc, it can't go back out of it or it would be out of bounds — a turnover," he said. "What we're doing is squashing the court down and eliminating the corners and a little bit of the midcourt area. The defense doesn't have to spread out as far and won't get as much on backdoor lay-ups. You wouldn't have stalling tactics because you've got 10 people in the

same area. It gives defenses a better chance to defend against the spread-court game."

Pimm said his concept will be submitted to the rules committee when it meets in New Orleans at the end of the month.

"I think the clock is the last resort," Newell said. "We've solved our other problems with a time element. The 10-second line was established in the '30s [teams] must cross the center line within 10 seconds." Then ... when big men came into the game and camped under the basket, the three-second rule came into effect. And the foul lane has been widened over the years.

"If you want to see a run-and-shoot game, the NBA is the place to see it. But if you buy a ticket to a college game, you may see man-to-man and zone defenses, spread-court and fast-break offenses, full-court presses, a stall and small team against big teams. There are many variables in a college game, and that's what makes it exciting."

But Pimm is aware that many coaches are now emulating, to some degree, North Carolina's Dean Smith and his four-corner delay.

"Success breeds success," he said. "Smith's affect on the game has been the same as [Michigan State Coach] Jud Heathcote's with his 2-3 match-up zone defense."

ATLANTA — Traded Ed Miller, pitcher, to the Detroit Tigers by Roger Wehrle, pitcher, from the Chicago Cubs; received a trade of Dec. 28 that sent Paul Albitz, pitcher, to the Cubs. Signed Roy Lee Johnson, pitcher. Traded Donn Clegg, pitcher, to the Atlanta Braves; received a trade of Bill Campbell, pitcher, from the Atlanta Braves.

DETROIT — Signed Mike Moore, pitcher, from the San Francisco Giants; traded Tim Heaphy, Mark Thurmond and Dave Dravecky, pitchers, and Alan Whisman, outfielder, to the Atlanta Braves; received a trade of Mike Moore, pitcher, from the Atlanta Braves.

MINNEAPOLIS — Signed Jim Fregosi, shortstop, from the San Diego Padres; traded Tom Stukenberg, pitcher, to the San Diego Padres.

ST. LOUIS — Signed Kirby Crisp, catcher, from the Atlanta Braves; traded Tom Stukenberg, pitcher, to the Atlanta Braves.

SEATTLE — Signed Paul Colangelo, pitcher, from the San Francisco Giants; traded Tom McCraw, pitcher, to the San Francisco Giants.

DETROIT — Signed Tom Stukenberg, pitcher, from the Atlanta Braves; traded Kirby Crisp, catcher, to the Atlanta Braves.

CHICAGO — Signed Tom Stukenberg, pitcher, from the Atlanta Braves; traded Kirby Crisp, catcher, to the Atlanta Braves.

DETROIT — Signed Tom Stukenberg, pitcher, from the Atlanta Braves; traded Kirby Crisp, catcher, to the Atlanta Braves.

DETROIT — Signed Tom Stukenberg, pitcher, from the Atlanta Braves; traded Kirby

